

Stacks

# Social Security Bulletin

March  
Vol. 9



1946  
No. 3

*Improving Old-Age and Survivors Insurance*

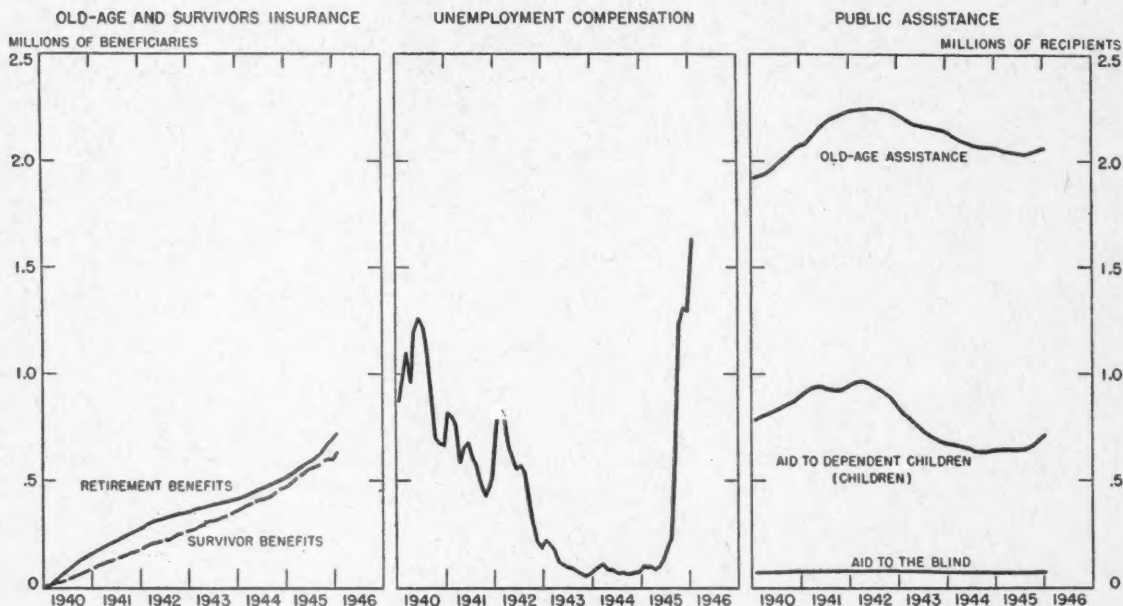
*Postwar Economic Perspectives:  
IV. Aftermath of the War*

*The Employment Act of 1946*

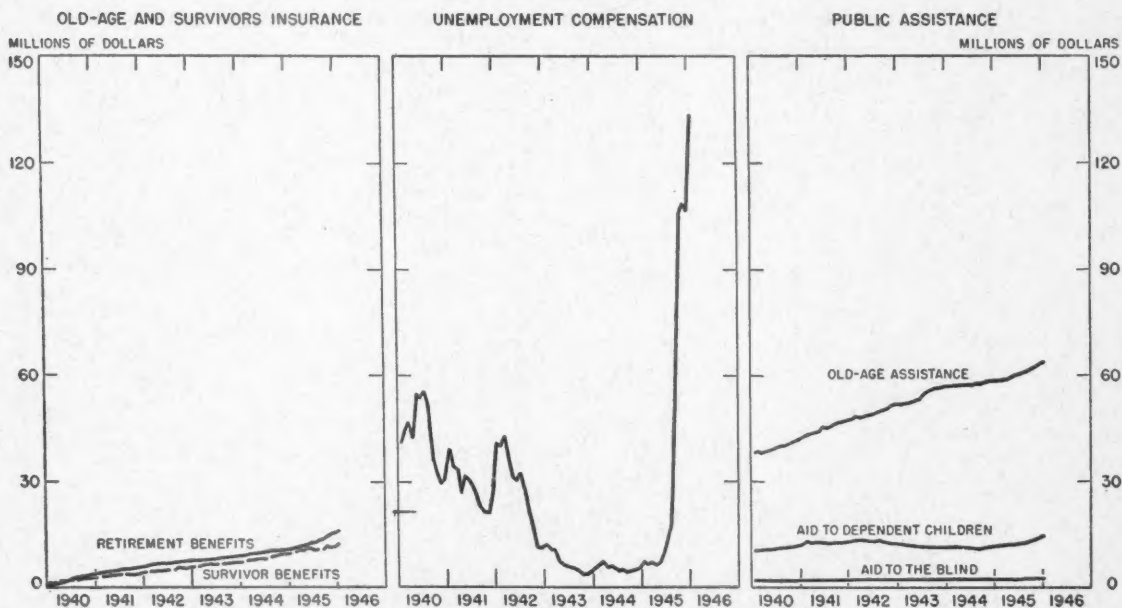
FEDERAL SECURITY AGENCY  
SOCIAL SECURITY BOARD  
WASHINGTON, D. C.

# Social Security Operations\*

## INDIVIDUALS RECEIVING PAYMENTS



## SOCIAL SECURITY PAYMENTS



\*Old-age and survivors insurance, beneficiaries for whom payments were certified and amounts certified during month; unemployment compensation, weekly average number of beneficiaries for the month and gross benefits paid during the month under all State laws; public assistance, recipients and payments under all State programs.



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# Social Security Bulletin

Volume 9

March 1946

Number 3

## Social Security in Review

### *The Labor Force in February*

February, the sixth month after hostilities ceased, was marked by the increasing strain of reconversion. Labor unrest, caused by general demands for adjustment of wage rates to economic and business changes, reached a new high in the first half of the month, during the general strike in the iron and steel industry. The return to work of the bulk of iron and steel workers marked the turn in the tide of labor disputes. By the end of February, revision of wage rates—either by collective bargaining or after a temporary stoppage of work—was completed in most key industries, with agreement on raises ranging from 10 to 20 percent in most instances. Strikes continued in the automobile industry and several other industries, but the number of workers idle because of labor disputes dropped from the peak of about 1.5 million in the beginning of February to less than 500,000 at the end of the month.

The retardation in expansion of peacetime production caused by strikes and uncertainty about future wages and prices was reflected in the slowdown of reemployment of returning veterans and workers laid off by war industries or displaced by ex-servicemen. Readjustment of the labor force made considerable headway in February but did not proceed as rapidly as it might have if the necessary changes in wages could have been made without stopping production. Apart from these temporary difficulties, the economic system was dominated by expansive forces.

The demand for consumer goods was boosted by the return of ex-servicemen to civilian life. Department-store sales showed an increase of 20 percent in comparison with the preceding year and of 85 percent in comparison with 1942. At the same time, retailers and producers were building up their inventories, depleted during

the war, and building activity was gradually gaining momentum.

Under these conditions, unemployment increased somewhat but remained light for this season of the year and showed no appreciable rise in the latter part of February. The monthly labor-force survey of the Bureau of the Census shows that 2.7 million persons were out of work during the week ended February 9, as compared with about 2.3 million in early January. The rise was accounted for by the progress of demobilization (net reduction of the armed forces by 1 million), return to civilian life of veterans discharged at an earlier date (about 100,000, net), seasonal factors, and to some extent by secondary repercussions of labor disputes. Despite the continuous flow of

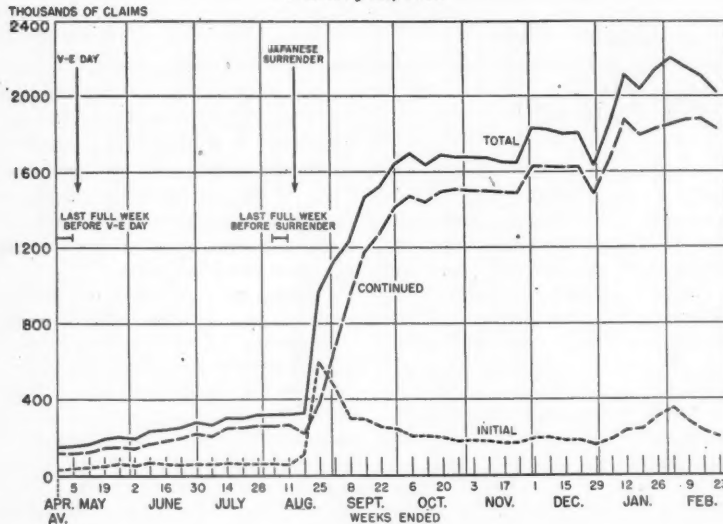
ex-servicemen back to gainful work, the total number of nonworkers increased from 46,070,000 in January to 46,470,000 in February, probably because of the progressive increase in school, and especially college, attendance and continued withdrawal of emergency war workers.

Because of differences in concept, timing, and technique of enumeration, the Census figures of unemployment are not strictly comparable with claim and payment data recorded by State unemployment compensation agencies and the Veterans Administration. With allowance for several variations that only partly compensate one another, the Census monthly figure corresponds roughly to the number of continued claims for unemployment compensation and of veterans' readjustment allowance payments for the week in which the Census survey is taken. This total represents the

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Weekly number of claimants for unemployment benefits, May 5, 1945—  
February 23, 1946



number of persons under the jurisdiction of both systems who are out of work for 1 week or more. It excludes persons who have exhausted their benefit rights and civilian unemployment in noncovered industries but includes an unknown number of claimants who are idle because of temporary lay-offs, labor disputes (though not necessarily drawing benefits), or for other reasons and who are not registered by the Census as unemployed. The aggregate number was 2,668,000 in the week ended January 26 and 2,995,000 in the week ended February 23.

Changes in the number of unemployment compensation claims of different types during February were determined, to a large extent, by the mounting and receding tide of labor disputes. The number of initial claims skyrocketed in the beginning of the month, during the Nation-wide strike in the iron and steel industry, and declined after the settlement of the dispute. The number of waiting-period claims varied in the same direction although not at the same rate. The number of compensable claims moved in a narrow range from the week ended January 26 to that ended February 23, but rose slightly in the next following week.

Apart from strikes, employment turn-over in covered industries did not change appreciably in February: about 200,000 persons filed initial

claims each week and as many found new employment. The rate of reemployment among claimants was approximately 10 percent per week.

Week ended—	Number of claims (in thousands)		
	Initial	Waiting-period	Compensable
Jan. 26.....	307	160	1,667
Feb. 2.....	352	179	1,673
Feb. 9.....	279	158	1,715
Feb. 16.....	230	156	1,722
Feb. 23.....	195	139	1,709
Mar. 2.....	201	144	1,785

Changes in the number of initial claims were largely concentrated in Pennsylvania, where strikers are entitled to benefits after a waiting period of 4 weeks after the week the strike began.

Week ended—	Number of initial claims (in thousands)		
	Total	Pennsylvania	All other States
Jan. 19.....	243	27	216
Jan. 26.....	307	68	239
Feb. 2.....	352	124	228
Feb. 9.....	279	53	226
Feb. 16.....	230	23	207
Feb. 23.....	195	18	177
Mar. 2.....	201	21	180

In the United States as a whole the number of compensable claims was about the same in the last week of February as a month before, and

changes in particular States were not spectacular. For 10 States with the largest number of compensable claims in the week ended February 23 changes were as follows:

State	Compensable claims (in thousands)		
	Week ended February 23	Week ended January 26	Increase (+) or decrease (-)
California.....	232	207	+25
New York.....	224	201	+23
New Jersey.....	133	129	+4
Illinois.....	121	122	-1
Pennsylvania.....	117	117	0
Michigan.....	114	103	+11
Ohio.....	103	104	-1
Massachusetts.....	48	44	+4
Washington.....	48	46	+2
Indiana.....	45	42	+3

The ranking of States by the severity of unemployment (ratio of the number of claims in a week during the month to the average covered employment from April 1944 to March 1945) did not change appreciably in February. The list was headed by the Pacific States—California (12.3 percent), Oregon (12.9 percent), Washington (10.6 percent)—New Jersey (12.6 percent), Oklahoma (12.3 percent), and Arkansas (11.5 percent). Among the large industrial States, Michigan had an unemployment rate slightly above the national average (8.7 percent as compared with 7.3 percent for the United States as a whole). New York and Ohio had a rate of unemployment somewhat below the national average (7.1 percent and 7.0 percent). Still lower was the rate in Pennsylvania (6.7 percent), Illinois (6.5 percent), and Massachusetts (4.5 percent). The number of claims filed in agrarian States, which took many interstate claims from workers previously employed in industrial States, was comparatively high: 9.0 percent in Louisiana, for example, 8.8 percent in Utah, and 8.5 percent in both Alabama and Kentucky.

#### January in Review

Unemployment claims and benefit operations in January reflected general seasonal lay-offs; the fact that many claimants who had been expected to file claims during the Christmas holidays did not file until the first of January; displacement of workers by returning veterans; and industrial

(Continued on page 10)

## Improving Old-Age and Survivors Insurance

By A. J. Altmeyer

*Testifying before the House Committee on Ways and Means, now holding hearings on the need for amending and extending the Social Security Act, the Chairman of the Social Security Board on February 25 made the following statement on old-age and survivors insurance.*

THE FEDERAL old-age and survivors insurance program is the only part of the Social Security Act which is administered wholly by the Federal Government. Employers and employees have each been making contributions of 1 percent of taxable wages since January 1, 1937. Under the original provisions of the Social Security Act, monthly benefits would not have been payable until January 1, 1942; the 1939 amendments, however, advanced that date to January 1, 1940. The 1939 changes also resulted in the payment of more adequate benefits during the early years of the system's operation. Above all, the amendments added dependents' benefits and survivors' benefits so that now, in addition to the payment of old-age benefits to workers themselves, monthly benefits are also payable to the aged wife and young children of a living beneficiary and to the widow, children, and, in some cases, the dependent parents of an insured worker who dies. Just as contributions are paid on the basis of wages received, so these benefits are paid on the basis of the past wages of the insured worker and thus compensate for a portion of the wage loss sustained by his retirement or death.

I believe that the Ways and Means Committee has a right to be proud of the way this law has functioned to date. At the present time there are 1.3 million aged persons, widows, and orphans receiving monthly benefits. By the end of this present calendar year the number will probably have increased to almost 2 million.

This Federal old-age and survivors insurance system constitutes the largest permanent insurance system in the world. Therefore, unprecedented problems have been encountered in putting it into effect. However, all of these administrative problems have been solved. The total cost of administration at the present time is about 2 percent of contributions col-

lected and about 10 percent of benefit payments. We confidently expect that, as benefit rolls increase, the cost of administration will decline to less than 5 percent of benefit payments.

At the present time over 84 million individual worker accounts have been established.

There can no longer be any question as to the effectiveness and practicality of this Federal old-age and survivors insurance system. However, the years that have passed have indicated various ways and means in which it could be improved and also demonstrated that its benefits could be extended to cover all gainfully employed persons, including the self-employed.

### Liberalization of Benefits

The level of benefits provided in the existing law was enacted in 1939. Since 1939 the cost of living has increased by at least one-third. Average wages of individuals under the insurance system have increased by nearly 50 percent (from \$881 in 1939 to \$1,300 in 1945). Various studies by the Board have shown that the present benefits were inadequate even before these increases in cost of living and wages.

Among the changes which the Board recommends for consideration is a modification of the benefit formula so as to represent a larger proportion of the wage loss sustained by claimants, particularly those with low earnings.

The Board also believes that the wage base for both contributions and benefit-computation purposes should be the first \$3,600 in taxable earnings in a year, rather than the first \$3,000. Such a change would recognize the general increase in wage levels and would result in benefits representing a somewhat larger proportion of the wage loss actually sustained by families in middle income brackets.

Certain items of income, such as tips and dismissal wages, which are

now not considered "wages" under the definition in the act should be included as wages, so that the base for benefits would represent the worker's actual earnings from employment.

The Board also believes that certain changes should be made in the provisions governing minimum and maximum benefit amounts. A reasonable standard of adequacy would seem to require a higher minimum benefit for an eligible worker than the present \$10 a month, even though most workers would have earnings that would qualify them or their survivors for more than the minimum amount.

At present, the maximum total amount payable to the worker and his dependents is \$85 a month, twice the primary benefit amount, or 80 percent of the average monthly wage of the insured worker, whichever is least. The Board believes that the \$85 maximum limit should be raised and that the second limitation of twice the primary benefit (which is the amount payable to a worker without dependents) should be eliminated. The chief effect of these changes would be to provide more adequate benefits in the case of a widow with several children.

It has been well established that women retire from gainful employment at an earlier age than men. It is also well known that wives are ordinarily younger than their husbands. Of the married men who reach age 65 each year, less than 20 percent have wives who also have reached age 65. The age requirement is lower for women than for men in many of the social insurance programs of foreign countries and also in many of the retirement systems established in this country by various State and local governments and private concerns. The Board therefore recommends that consideration be given to reducing the age at which women may qualify for a retirement benefit or a wife's benefit from 65 years to 60 years.

The law now provides a small lump-sum payment if there are no surviving dependents entitled to monthly benefits at the time of the worker's death. The Board recommends that this small lump sum be paid whether or not there are surviving dependents entitled to monthly benefits, since the need for it is as great in either case.

Under the existing law, benefits are suspended for any month in which



## Improvement of Existing Benefits

**More Adequate Benefits.**—The cost of living and wage levels have increased substantially since 1939, when the present law was enacted. Increased cost of living makes benefit amounts less adequate. Increased wage levels mean that the benefits now paid represent a smaller proportion of the wage loss sustained. The following changes in the benefit provisions are suggested to adapt the benefits to these changed conditions:

**Basic Benefits.**—The present formula might be changed to 40 percent of the first \$75 (instead of \$50) of average monthly wage, plus 10 percent of the remainder up to \$300 (instead of \$250).

**Minimum Benefit.**—If the change suggested above is made in the benefit formula and the average monthly wage is redefined as proposed below, the amounts payable to most individuals would be no less than \$20. If the minimum primary benefit were set by law at \$20 (instead of the present \$10) this would assure a man and wife a minimum combined benefit of \$30.

**Wage Base.**—At present only the first \$3,000 of wages in a year is counted for benefit purposes. If this amount were raised to \$3,600, it would permit a larger number of persons to have all of their wages counted and would thus increase benefits for higher-paid employees.

**Maximum Benefit.**—The present law limits benefits to \$85 per month, twice the primary benefit amount, or 80 percent of the average monthly wage of the employee, whichever is least. A higher maximum dollar amount, such as \$120, would reflect the increase to \$3,600 in the maximum annual earnings credited and would recognize the desirability of providing a wide range of benefits under a program of contributory insurance. Omission of the requirement that the family total must not exceed twice the primary benefit amount would provide more adequate benefits when a number of dependents survive.

**Modifications if Coverage Is Extended.**—Extension of the program to cover additional occupations would call for changes in eligibility and average monthly wage

provisions to reduce the handicap which newly covered workers would otherwise suffer.

**Average Monthly Wage.**—Under present law, benefits are based on wages averaged over all months since 1936. Lack of wages in insured employment in any period reduces the average to an excessive degree when, as in the early years of the program, the period of coverage is short. To avoid this, the average wage could be determined by relating it only to those periods when the worker's earnings exceeded a certain amount. In order to afford reasonable recognition of the length of time a person contributed to the system, the benefits might continue to be increased by 1 percent for each year of coverage, as is now the case, and reduced by 2 percent for each year the worker was out of covered employment.

**Eligibility.**—To be fully insured a worker must have been paid wages of at least \$50 in half the calendar quarters elapsed since 1936 or since age 21. This requirement would be difficult for newly covered workers to meet. Thus, if farmers were brought into the system as of January 1, 1947, it would take a farmer who had never worked in insured employment previously, 10 years before he could qualify for an old-age retirement benefit. Therefore, to make it easier a worker might also be deemed to be insured if he had covered wages of \$200 in at least 5 of the 10 years before retirement or death.

**Retirement Test.**—Benefits under the existing law are not paid for any month in which a person earns at least \$15. In view of increased wage levels, a person who earned no more than \$30 might be considered outside regular employment and therefore in need of his benefit payments.

**Age of Eligibility.**—The age for women might be reduced to 60. Since wives are, on the average, about 5 years younger than their husbands, this change would in most cases permit the payment of supplementary benefits to the wife at the time the wage earner retires. Women wage earners and aged widows should be eligible at the same age as wives.

the beneficiary earns more than \$14.99 in covered employment. The amount of permissible earnings could well be increased without fear that beneficiaries will encroach on the job opportunities of regular, full-time workers. The Board believes that earnings of \$30 a month should be permitted without suspension of benefits.

## Simplification of Administration

Administration of the benefit provisions of the Federal insurance sys-

tem has brought to light a number of ambiguities and anomalies which need correction. Some of these anomalies result in unintentional and unnecessary injustice to claimants. Experience has also demonstrated administrative complexities which can be eliminated or reduced by minor changes in the law.

One example of both hardship to deserving individuals and administrative complexity is the provision that lump-sum death benefits must be paid to relatives if such relatives exist, even where they were not living with the

wage earner and when his burial expenses have been borne by others. There are many delays in locating relatives, and sometimes payments must be withheld because of the unknown whereabouts or the possible existence of a relative with legal rights preceding those of the individual who filed a claim for the benefit. The Board recommends that the provision for lump-sum benefits be modified so that payment will be made to a spouse living in the same household or, in the absence of such spouse, to any individual equitably entitled to

the benefit by reason of having paid the burial expenses.

### Benefits for Permanent Total Disability

Disability is among the important causes of insecurity. On an average day of the year, about 3½ million persons are suffering from disabilities which have already lasted 6 months or more. About 1½ million of these persons are in the ages between 15 and 65 and, but for their disability, would

have been engaged in productive work. Disability is one of the major causes of dependency. A study made by the Board, covering a large sample of urban families, shows, for example, that in 70 percent of the households where the head of the family was disabled, per capita income was less than \$250 a year. The extent to which dependency is due to invalidity is evidenced also by State reports to the Board, which show that nearly one-fourth of the children granted aid under the assistance program are the

children of disabled fathers. Various State and local studies have found that even larger proportions of recipients were receiving general relief primarily because of dependency resulting from the disability of the breadwinner. The cost of dependency falls largely on the public purse.

These and other studies leave no doubt that a comprehensive program of social security must protect families and individuals against loss of earning capacity by reason of disability. It is significant that every other country in the world which has an old-age retirement program provides for retirement necessitated by chronic or permanent disability.

On the basis of extended study and of the actual experience in the payment of monthly benefits since January 1, 1940, the Board strongly recommends the inclusion of permanent total disability insurance in the Federal system.

### Permanent Disability Benefits

*Need for Disability Protection.*—The loss of income suffered by a family when the breadwinner is stricken with a serious and long-lasting disability is fully as great as in cases of old age or death. On any one day about 1.5 million workers are suffering from major disabilities that have lasted 6 months or longer. The desirability of providing cash insurance benefits in such cases is reflected by the disability benefit provisions incorporated in all of the old-age insurance systems of foreign countries. In this country, many plans, both public and private, contain disability provisions.

*Scope of "Permanent" Disability Benefits.*—Monthly, cash benefits would be payable to insured workers who are afflicted with serious disabilities which have lasted 6 months or more.

*Concept of Disability.*—Disability benefits should be payable only if there is a substantial loss of earning capacity for work in general. They should be payable only if the worker is found incapable of earning more than a given amount at any work which he might reasonably be expected to do.

*Eligibility Conditions.*—To receive benefits, a disabled worker would have to be insured. The insurance requirement should be a test of both substantial and fairly recent covered employment. As in the case of old-age benefits, disability benefits would not be paid for any month in which the beneficiary earned more than the amount permitted under the retirement test. Also, benefits would be terminated if recovery occurred.

*Types and Amounts of Benefits.*—The disabled worker should receive a monthly benefit computed in the same way as the benefit of an aged retired worker. The wife and children of a disabled worker should also receive benefits. Their benefits should be computed in the same way as benefits for wives and children of retired workers.

*Integration With Old-Age and Survivors Insurance.*—Under the existing program a period of nonemployment due to disability reduces the benefits for which the worker or his family may subsequently qualify, and may cause the complete loss of insurance protection. Were disability benefits added, the worker's insurance protection would be maintained during a period of disability. The facilities of the Bureau of Old-Age and Survivors Insurance, including the wage records and the field organization, would be available for the administration of disability benefits.

*Vocational Rehabilitation.*—Expenditures for rehabilitation should be authorized from the trust fund to rehabilitate the disabled workers vocationally where a promise of success exists. If the rehabilitation is successful, the payment of benefits can be discontinued.

### Extension of Coverage

If the old-age and survivors insurance system is improved in accordance with the foregoing suggestions, it becomes increasingly desirable and necessary that the coverage of the system be extended as widely as possible, since the whole population of this country is subject to these hazards in varying degrees.

The present Federal old-age and survivors insurance program covers, with certain important exceptions, employers of one or more employees. Despite these exceptions, social security account cards have already been issued under this program to more than 84 million persons, of whom 73 million already have had some wage credits posted to their accounts because of work in insured employment. It is apparent from these figures that a large proportion of the gainfully occupied population already has some measure of protection against old age and death. However, it is also apparent that many persons pass back and forth between insured employment and uninsured employment. In 1944, while only 31 million individuals were engaged in insured employment at any one time, over 47 million individuals worked in insured employment during the course of the year.

## Extension to All Gainful Employment

**General Desirability.**—Because of their low incomes, many of those who do not now have coverage under old-age and survivors insurance have little chance to make individual provision against the risks covered by this Federal insurance system. Some of them work at times in employment covered by the present system but do not do so sufficiently to gain an insured status and so derive nothing from the contributions they have paid. Extension of coverage to all gainful employment (including self-employment) would furnish the basic protection of the program to all members of the labor force, regardless of type of work or changes in jobs.

While some now excluded workers are already covered under special benefit systems, they would gain not only a continuity of protection but also survivorship and disability protection, which seldom are provided in limited plans. An extension of old-age and survivors insurance coverage to groups now covered by special systems would not involve the dissolution or merging of such systems. They would no doubt be adjusted to provide supplementary protection while continuing to operate independently of the basic system, as in the case of the supplementary retirement systems operated by private employers.

**Agricultural and Household Wage Workers.**—Workable solutions have been developed for the administrative problems of covering agricultural and household workers. Reporting of wages and the paying of contributions could be accomplished either by a stamp method or through employer reports. The problem of evaluating noncash wages, such as meals and lodging, could largely be met by use of a schedule of presumed values. It would be advisable to exclude unpaid family labor and exchange labor among farmers.

**Employees of Nonprofit Institutions.**—No administrative problems are involved in covering nonprofit employees. If desired, the exclusion of clergymen and members of religious orders might be continued. The legislation might also contain a reassurance that coverage of nonprofit employment should not be construed

as violating the traditional tax-exempt status of nonprofit organizations.

**Members of the Armed Forces.**—A permanent extension of coverage to members of the armed forces, if adopted, should probably be retroactive to the beginning of the war emergency. If a limited plan, designed to solve only the immediate problems, is desired, a guaranteed insured status, with guaranteed minimum benefits, might be provided for all World War II veterans from the time of discharge (which is when survivorship protection under veterans' legislation is usually lost) until the time old-age and survivors insurance protection would otherwise be regained.

**Federal Civilian Employees.**—An extension of coverage to civilian employees of the Government, coupled with appropriate adjustments in the civil-service retirement system, would be of substantial value to most workers and need not cause a loss of benefits to any. The administration of the revised civil-service system would remain completely apart from the Social Security Board. Should coverage extension in this area be deferred, it might be desirable to provide a period of guaranteed protection for war-duration employees, as might be done for members of the armed forces.

**Employees of State and Local Governments.**—The constitutional question involved in levying a tax against State governments could be met by authorizing the Social Security Board to enter voluntary agreements with States for the coverage of their employees. Local governmental units could participate in the State agreements. Compulsory coverage might be provided for some groups of proprietary employees.

**Railroad Workers.**—Through appropriate adjustments in the railroad retirement system, railroad workers could gain substantially improved protection if basic coverage were provided for them under old-age and survivors insurance. As in the case of civilian Federal employees, no loss to any railroad worker need be involved.

**Self-Employed Persons.**—A separate statement describes one way in which the self-employed could be covered under old-age and survivors insurance.

Since the amount of a benefit depends to a considerable extent upon the length of time an individual actually works in insured employment and the amount of his earnings in such employment, persons who pass in and out of insured employment get lower benefits than they would have, on the basis of the same amount of total earnings, if all their work had been in insured employment. Persons who always work in uninsured employment are unable, of course, to develop any benefit rights whatsoever.

The main groups now excluded are

agricultural laborers, domestic servants, employees of nonprofit organizations, public employees (Federal, State, and local), and self-employed persons, including small businessmen and farmers.

### *Agricultural Labor and Domestic Service*

Between 4 and 5 million agricultural workers and about 2¼ million domestic servants are excluded from old-age and survivors insurance. These two are the largest and most necessitous groups of the workers now

unprotected. A principal reason for exclusion of these two groups was the administrative difficulty due to the large number of small employers involved and the fact that most of these employers do not keep books and would find difficulty in making reports. On the basis of studies made during the past 7 years, the Board believes that it is administratively feasible to extend coverage to these groups through the use of a stamp-book system. Under such a system each employee would receive a stamp book in which stamps would be placed



by his employer to evidence contributions made by the employer and the worker. In rural areas the employer could purchase these stamps from the mail carrier, and in urban areas they could be purchased at post offices. A stamp plan could be used also by smaller industrial and commercial establishments which found it more convenient.

If the Committee does not consider it advisable to extend coverage to all agricultural workers at this time, the Board strongly recommends that at least the language of the present exception relating to "agricultural labor" be modified to make certain that this exception applies only to the services of a farm hand employed by a small farmer to do the ordinary work connected with his farm. The wording of the present exception relating to agricultural labor excludes from the system employment by large-scale operators of a commercial and industrial character who employ 600,000 to 700,000 individuals during the course of a year. Many of these excluded workers are not engaged in "agricultural labor" in the usual sense of the term. Many of them work in towns and cities and are engaged in processes identical with or similar to those performed by workers in factories and in industries now covered by the Social Security Act. For instance, more than 15,000 of the workers excluded by the agricultural exception are carpenters, painters, engineers, bookkeepers, accountants, and the like. About 10,000 additional persons are employed in grain elevators, while some 40,000 work in cotton gins. Another 125,000 persons so excluded are employed at the peak of the season in packing fruits and vegetables. Thousands of persons employed by large-scale business firms (such as chain stores or commission houses), which purchase and harvest the entire crop of many farmers, are also excluded. The extension of coverage to these quasi-industrial and commercial employees would not raise any of the problems which arise in connection with coverage of the ordinary farm worker.

#### **Employment by Nonprofit Organizations**

The Board also recommends the inclusion of service performed for religi-

### **Coverage of the Self-Employed**

**Present Status.**—The majority of self-employed persons are just as much in need of old-age and survivors insurance protection as are wage earners. A number of social insurance programs in foreign countries now cover the self-employed. Many self-employed persons now pay contributions on behalf of their employees covered under the program, and so are very conscious of their own exclusion. The owner of a business large enough to be incorporated acquires protection as an officer of the corporation, but the owner of a small unincorporated concern has no similar advantage. Moreover, many self-employed persons work at times as wage earners but fail to build up and maintain an insured status because their income from self-employment is not credited toward such status. Experience gained in the administration of the present law has made it possible to develop adequate methods of meeting the problems involved in coverage of the self-employed. One such method is outlined below.

**Reporting.**—Contributions and benefits would be based on income from self-employed activity. For both the self-employed and the Government, the simplest way of reporting such income is as a part of the income-tax return. The integrated returns would be for a calendar year and would be due on March 15 of the following year, as at present. Income would be reported on either a cash or accrual basis, depending on the method selected by the taxpayer for income-tax purposes. Social security reporting should be required only from persons with annual gross income of \$500 or more (exclusive of income in kind for home use) and contributions required only from those whose "net income from self-employment," as defined below, is \$200 or more. Consistent with the provisions for employees, the maximum net income from self-employment on which contributions would be payable for any calendar year would be \$3,600, less the amount of any covered wages received during that year.

**Contribution Rate.**—To avoid undue burdens upon the low-income self-employed, the contribution rate on income from self-employment should be only the employee rate on the first \$500 of annual net income from self-employment and the combined employer-employee rate on all such income in excess of \$500 up to the maximum.

**Definition of Net Income From Self-Employment.**—Net income from self-employment could be determined on the basis of three figures already included in the income-tax return, namely: income from rents and royalties (Schedule B of the Individual Income Tax Return), income from business or profession (Schedule C), and income from partnerships (Schedule E).

**Retirement Test.**—Under the present program, old-age benefits are paid only if the beneficiary substantially retires from employment. The worker who continues at his job suffers no economic loss and so can be presumed not to need benefits. The self-employed person should likewise not receive benefits unless he has substantially retired from gainful activity. If his annual income from self-employment were \$360 or less, the individual would be presumed to be retired. Also it would be presumed that for each \$30 of income in excess of \$360 there was no more than 1 month of activity. Since the contribution base will in some cases include income from investment, as well as income based directly on work or activity, such investment income will continue to be reported even though the person who receives it has actually retired. Hence, if the amount of income from self-employment exceeds \$360, benefits will be withheld for each \$30 in excess thereof only if there has been substantial activity directed toward the production of such income.

ous, educational, charitable, and similar nonprofit organizations. No administrative difficulties would be involved in extending coverage to these groups.

### **Public Employment**

The Board believes that it would be highly desirable to extend the basic protection of the social insurance system to all public employees—Federal, State, and local.

Special retirement systems now cover approximately two-thirds of all public employees. While it would be possible to revise these special retirement systems so that their benefits would be superimposed on those payable under the basic social insurance system, such a revision is a complicated process and would of course have to be made in such a way as to increase, not reduce, the total protection afforded to public employees. The Board, therefore, recommends that in the case of Federal employees, if agreement cannot be reached as to the necessary adjustments in the existing Federal retirement systems, at least the Federal employees who are not protected by an existing retirement system be covered under the basic old-age insurance system.

In the case of State and local employees, the Board sees no major administrative difficulties in permitting the governmental units employing sufficient numbers of such persons to be covered voluntarily, provided there are proper safeguards to protect the social insurance system against adverse selection.

### **Railroad Employment**

At present, employment within the railroad industry and outside the railroad industry is considered separately, with the result that many such workers who engage in both types of employment either acquire no rights under the old-age and survivors insurance system or have their benefit rights reduced.

The Board believes it is most important that consideration be given to coordinating the basic old-age and survivors insurance system and the railroad retirement system so that persons whose employment during their working life has been divided between the railroad industry and

other industries will not suffer a loss or diminution of benefit rights.

### **The Self-Employed**

The Board recommends that consideration be given to extending to self-employed persons the protection of the old-age and survivors insurance system. However, if this protection is not extended to all the self-employed, the Board suggests that consideration be given to at least one segment of this group which could readily be covered immediately. This segment comprises the employers who will be regularly reporting wages and making contributions on behalf of their employees. Since such employers are already sending in the necessary earnings reports and contributions for their employees, no serious administrative problems would be involved in extending coverage to them.

### **Disadvantages Suffered by Newly Insured Groups**

If the Committee acts favorably on the Board's recommendations relative to broad extension of coverage of the old-age and survivors insurance system, it will be necessary to adjust the eligibility requirements and the method for determining the average monthly wage upon which benefits are based so that the newly insured groups will not be unduly disadvantaged because of their late entrance into the system. As the law now stands, a person who has not been working in insured employment for roughly one-half of the time since the law went into effect on January 1, 1937 (or one-half the time since the date he became 21 years of age, if that date is later), is not fully insured and therefore not entitled to an old-age retirement benefit. Therefore, if farmers were now brought into the system as of January 1, 1947, it would take a farmer, who had never worked in insured employment previously, 10 years before he could qualify for an old-age retirement benefit. Even at the end of 10 years the average monthly wage would be one-half of the average wage he had earned during that time, since his wages during that time would have to be averaged over the whole period since January 1, 1937, namely 20 years. The Board is prepared to submit various alterna-

tive proposals which would help correct both of the foregoing types of inequities.

### **Protection of Veterans**

If the old-age and survivors insurance program were extended to include all Federal employment, both in the civilian and military establishments, soldiers and civilian employees would have the basic protection of this system at all times. It would also be possible to provide additional special protection on a consistent and certain basis. Any other approach to the problem of providing protection to soldiers and civilian employees of the Federal Government inevitably results in some gaps, overlaps, anomalies, and administrative difficulties.

The lapse of time since millions of persons entered military service and the fact that many millions have already left military service create additional problems which make it impossible to arrive at an ideal solution. Besides the approaches outlined in the report of the Ways and Means Committee staff, there is another possible approach which would provide protection during the critical period following the termination of military service, when the veteran may have lost the protection of veterans' benefits and not have acquired the protection of the old-age and survivors insurance system.

As regards the sacrifice of rights under the old-age and survivors insurance system suffered by persons who entered the armed forces, a distinction can be made between the period of active military service and the period following active military service. During the period of active military service they have the continuous protection of veterans' benefits in case of death. That is to say, all deaths, whether occurring on active duty or on authorized leave, are considered service connected unless they are due to willful misconduct. The term willful misconduct has been liberally construed. Thus, venereal disease is not presumed to be due to willful misconduct if the person in service complies with the Army or Navy regulations requiring him to report and receive treatment. Survivors, with rare exceptions, would be entitled to benefits more adequate

## Financing

**Strengthening the Actuarial Basis of the Program.**—The Board's recommendations for changes in the coverage of the old-age and survivors insurance program should strengthen the actuarial basis of the program both in the immediate years ahead and in the long run. Contribution income of the program would be increased while at the same time the relative cost of insurance benefits paid to the group of individuals who move between uninsured and insured employments would be reduced. Although it would be necessary to expand the income of the system to meet the cost of the various benefit recommendations, the added disbursements would be relatively low at the outset and would rise slowly but steadily.

**Costs of the Program.**—The present rate of 1 percent each, payable by employers and employees, is probably sufficient to cover the total costs of the expanded program for the next 5 years or more. Increasing the premium rate to 2 percent each would probably provide enough revenue to cover disbursement for 10 years or more. Annual expenditures might eventually be 1 percent to 2 percent of pay roll higher than the estimated costs of the present program.

The best information now available suggests that with practically complete coverage the average cost of the expanded old-age, survivors, and permanent disability program over the next 50 years might be in the neighborhood of 7 percent. However, it must be emphasized that the cost figures are subject to a considerable margin of error. Changes in economic conditions, death rates, birth rates, and rate of retirement may result in substantial changes in the relationship between receipts and disbursements.

**Long-Run Financial Plan Essential.**—A long-range plan should be developed to assure that ample funds will be available to finance the benefit disbursements not only in the years immediately ahead but in the more distant future, without necessitating abrupt changes in premium rates.

**Division of Costs.**—With practically complete coverage of the gainfully employed and their dependents, a Government contribution toward financing the program becomes equitable and appropriate. A Government contribution toward the program would be partly offset by the reduced public costs for public aid, particularly because of the inclusion of permanent disability benefits. The Board believes that distribution of the ultimate cost of these benefits among employers, employees, and the Government should be made in the light of the degree to which coverage is extended and the financing of other types of social insurance benefits.

than those now provided under the Federal old-age and survivors insurance system. Therefore, it might be said that the veterans have protection equivalent to that which they had developed or would have developed under the Federal old-age and survivors insurance system if they had remained in insured employment.

However, during the period immediately following active military service there is great possibility that, in case of death, survivors would not be entitled to any veterans' benefits and, at the same time, the veterans would

not have the old-age and survivors insurance protection which they would have developed if they had been working in insured employment. Therefore, their survivors might fail to receive benefits under either veterans' legislation or the Federal old-age and survivors insurance system. This is because it takes a year and a half of insured employment to acquire "current insurance" status under the Federal old-age and survivors insurance system, if that status has been lost.

The fact that persons in military service are in uninsured employment

rather than insured employment also affects the amount of benefits under the Federal old-age and survivors insurance system. However, it will be recalled that the Board has recommended that the disadvantages suffered by newly covered groups, such as farmers, be corrected by an adjustment of the formula for determining eligibility and amount of benefits. If the Board's recommendation is followed, it would also protect servicemen from suffering material diminution in their benefits because of their military service.

Therefore, the chief problem, so far as affording servicemen and women the protection of the Federal old-age and survivors insurance system is concerned, is to make certain that survivors' benefits are payable during the period immediately following active military service when they will not yet have had an opportunity to build up survivors' benefit rights under the Federal old-age and survivors insurance system. One method would be to provide that, in case of any death to a serviceman or woman occurring during a fixed period following discharge, survivors would be guaranteed benefits under the Federal old-age and survivors insurance system based on an assumed average monthly wage, such as \$160.

## Costs

It has been estimated that the most probable range in the average long-run cost of the benefits now provided is 4 to 7 percent of covered pay rolls. Such actuarial estimates must be presented within a wide range since nobody can predict accurately future economic conditions, mortality rates, population growth, retirement rates, and many other such factors upon which actuarial estimates must be based.

One fact is clear, however. The present old-age and survivors insurance law provides for the payment of primary benefits of 40 percent of the first \$50 in average monthly wages and 10 percent of the remaining amount up to \$200 additional. As an individual's wages increase, he always receives a larger benefit, but this benefit represents a smaller proportion of his wages as wages increase. For



instance, the individual receiving average wages of \$100 per month receives basic old-age insurance benefit of \$25 per month or 25 percent; the \$250 per month individual receives \$40 per month which represents 16 percent. Thus, as the average wages of insured persons increase, the relative costs of the present benefits will decrease as a percentage of pay roll. At the present time the average wages of persons contributing to the insurance system are substantially higher than the average wages assumed in making the actuarial cost estimates in 1939. This single factor results in a

reduction in the relative costs of the insurance plan. In addition, comprehensive coverage would cover all the wages of many individuals who are already under the insurance system part of the time, thus increasing their taxable wages and reducing the relative cost of the insurance plan.

Therefore, while it will be necessary to increase somewhat the income of the system to meet the cost of the various additional benefits recommended, the added disbursements will be relatively low at the outset and will rise slowly. The present rate of 1 percent each payable by employers

and employees would probably be sufficient to cover current costs of an expanded program for the next 5 years or more. Increasing the rate to 2 percent each would probably provide enough revenue to cover current costs for 10 years or more. The Board believes that a decision on distribution of the ultimate cost of these benefits among employers, employees, and the Government should be made in the light of decisions concerning extension of the coverage of the insurance system and the allocation of the costs of the other types of social insurance benefits.

*(Continued from page 2)*

disputes, which caused shortages of materials and consequent lay-offs in plants not directly involved in the disputes. Somewhat more than 1.2 million initial claims were filed during the month; less than one-fourth, however, were filed by persons entering a second or subsequent spell of unemployment during their benefit year. From August 1945, when such "additional" claims constituted 10 percent of all initial claims, the proportion had increased each month to 30 percent in December. The decrease in January would indicate that, for the country as a whole, fewer of the jobs obtained after the first lay-off had proved to be temporary. Continued claims rose in January to a new high of 8.2 million, nearly a million more than the previous high in July 1940. Payments for all types of unemployment aggregated \$134 million, \$27 million more than in December, and the weekly average number of beneficiaries was estimated at 1.6 million or 319,000 more. During the week ended January 12, claimants represented 7.2 percent of average monthly covered employment in the Nation, as against 6.2 percent in December.

IN OLD-AGE and survivors insurance, 46,000 monthly benefits were awarded in January, almost half of them pri-

mary benefits; a year earlier, 31,700 had been awarded, and only about one-third had gone to retired workers. Some 42 percent of the 1.5 million beneficiaries for whom benefits, at a monthly amount of \$28.1 million, were in force at the end of January were retired workers. Increase in the number of primary benefits awarded since the end of fighting in the Pacific reflects the fact that industry has less need of older workers and there is less pressure and inducement for them to remain at work; from more than half of all benefits in force in January 1941, the ratio of primary benefits to all benefits dropped slowly but continuously until July 1945, when it was only 40 percent.

IN PUBLIC ASSISTANCE, the number of recipients increased in January under all programs, for the fourth consecutive month. The rise in general assistance, 7.3 percent, was not only the largest among the programs but also the largest proportionate increase in general assistance since the war began. Reports from large cities throughout the country, moreover, indicate sharp increases in requests for assistance. In all programs, average payments were somewhat higher than in December. The total amount expended, \$90 million, was \$1.9 million more than the December amount.

### *Supreme Court Rules on Back Pay as "Wages"*

In an 8 to 0 decision, the U. S. Supreme Court ruled on February 25 that back pay awarded under the National Labor Relations Act to an individual who was, before his discharge, an employee under the Social Security Act must be treated as "wages" under the act in computing the individual's old-age and survivors insurance benefits.

The case arose over a finding by the National Labor Relations Board that a Ford Motor Company worker had been discharged for union activity. The NLRB ordered him reinstated, with a lump-sum payment of \$3,500 as back pay. Suit was brought to compel the Social Security Board to allow this amount as wage credits, after the Board had ruled that the lump-sum payment did not constitute "wages" within the definition of the act. The District Court of the United States for the Eastern District of Michigan upheld the Board's ruling, but the decision was reversed by the Circuit Court of Appeals, Sixth Circuit. In holding that the back pay is to be treated as "wages," the Supreme Court also ruled that it should be allocated to the periods when the regular wages were not paid as usual.

# Postwar Economic Perspectives

## IV. Aftermath of the War

By W. S. Woytinsky\*

*This article concludes a series summarizing a study of postwar perspectives undertaken to cast light on the setting for planning social security measures. In the three preceding issues, discussion dealt with the postwar outlook in terms of experience after World War I and of economic trends just before World War II; here, postwar projections are based on the war economy. As in all Bulletin articles, expressions of opinion represent views of the author and do not necessarily reflect conclusions of the Social Security Board.*

THE ROAD from the prewar slump in 1940 to hypothetical full employment in 1950 leads over the hump of the war boom. This road has three sections:

*The upward slope:* Mobilization of human and technical resources for total war; full utilization of the idle labor force and productive facilities, and expansion of both far beyond the peacetime pattern.

*The high plateau and peak:* All-out war economy; more-than-full employment; diversion of 40 to 45 percent of the gross national product to the war.

*The downward slope:* Economic and military demobilization; return to peacetime patterns of life and work; shift of production from swords to ploughshares.

Only after it has completed the descent from the peak of war effort to the valley of peacetime normalcy will the United States be able to resume its long-range ascent to higher and higher standards of production and consumption.

On the last lap of this journey, the Nation will not necessarily retrace previous steps. As after all the major wars in the past, the comparatively brief spell of the war economy is bound to exercise a deep influence on the economic life of the United States, and it is likely that there will be a break between the long-range trends before the war and those prevailing after its end. To visualize postwar

economic perspectives, it is necessary to analyze the influence of the war on the postwar labor force, on employment, hours of work, the productivity of labor, the gross national product, wages, and so forth, and to investigate the probable effect of the war economy and its sudden end on the economic climate during and after reconversion.

### The Labor Force

Expansion of the labor force, including the armed forces, began in the middle of 1941, before the United States entered the war. Although no general shortage of labor was then in sight, work opportunities increased under the impact of the defense program, Selective Service enrolled about

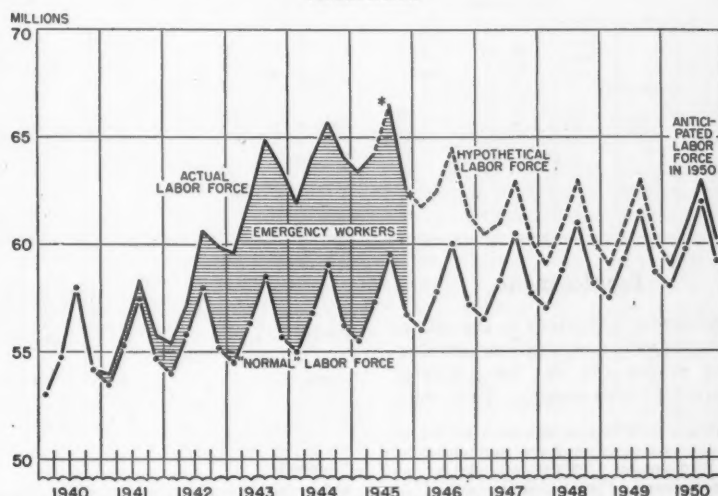
100,000 men a month, and some "non-workers" began to look for jobs (table 1 and chart 1). The growth of the labor force was greatly accelerated after Pearl Harbor. By the end of 1942 the labor force included about 5 million persons who would not have had or sought paid work under normal conditions. The number of these emergency workers rose to more than 6 million by the summer of 1943, to 7 million in 1944, and continued to rise in 1945. As shown in an earlier article in this series, most of the wartime addition to manpower is temporary.<sup>1</sup> The problem here is to examine the probable course of the readjustment of the overexpanded labor force to peacetime conditions.

Changes in the labor force from 1945 to 1950 may follow various patterns. The general tendency will probably be toward less-than-seasonal gains in spring and more-than-seasonal losses in autumn during several years of transition. It is also possible that the labor force will decrease for 2 or 3 years and then remain stable for several years except for seasonal variations (chart 1).

The reduction of the surplus labor force may be painful for millions of individuals. Some workers will draw unemployment benefits for a time

<sup>1</sup> See the *Bulletin*, January 1946, pp. 10-11.

Chart 1.—Expansion of the labor force during the war and its reduction during reconversion



\*— Revised labor-force series.

\*Principal Consulting Economist, Bureau of Employment Security. The preceding articles in the series appeared in the issues for December 1945 (pp. 18-29), January 1946 (pp. 8-16), and February 1946 (pp. 9-16).

while they are vainly seeking peacetime jobs; others will retire and draw their old-age and survivors insurance benefits. Some persons who are squeezed out of the labor market will be in need of public assistance. On the other hand, a large part of the readjustment may be effected by retardation in the influx of new workers. In ordinary years, several million persons enter or reenter the labor market. If the number of entries is curtailed for some time by a million a year, while the number of exits remains as usual, a large part of the surplus labor force may disappear, with relatively little individual hardship.

Curtailement of the labor force is as essential for reconversion as recruitment of emergency workers was vital for economic mobilization in the early phase of the war. Curtailement of total manpower after the war, however, must be accompanied by expansion of the civilian labor force, just as expansion of total manpower during the war was accompanied by a decline in the number of persons available for civilian jobs.

The following figures for 1946-50 illustrate a possible course in the readjustment of the labor force from the peak in 1944 to the peacetime pattern suggested in preceding articles in this series:<sup>2</sup>

Year	Annual average (in millions of persons)		
	Total manpower	Armed forces	Civilian labor force
1940.....	54.5	0.5	54.0
1944.....	63.9	11.2	52.7
1945.....	63.0	11.0	52.0
1946.....	61.0	4.0	57.0
1947.....	60.4	3.0	57.4
1948.....	60.0	2.5	57.5
1949.....	60.0	2.0	58.0
1950.....	60.0	2.0	58.0

## Employment

Because of variations in the rate of unemployment, changes in employment during the war have differed from labor-force changes. For a simi-

<sup>2</sup> This projection is essentially tied to the concept of labor force as defined by the 1940 census. Figures should be revised upward if the new definition of labor force used in the revised series of monthly labor-force surveys is used.

lar reason, changes in employment are likely also to differ from the hypothetical changes in the size of the labor force during the reconversion.

Total employment, including the armed forces, skyrocketed from 47.0 million in 1940 to 63.0 million in 1944 and is estimated at 57.5 million in 1950, allowing 2.5 million for "float" or frictional unemployment. Civilian employment rose from 46.5 million in 1940 to 51.8 million in 1944 and is estimated at 55.5 million in 1950. The following figures, which are in harmony with our projections of the labor force, illustrate the possible course of transition of civilian employment from the war pattern to peacetime conditions.<sup>3</sup>

<sup>3</sup> Figures for civilian labor force and employment should be increased if the new definition of labor force used in the revised series of the monthly labor-force survey is substituted for the definition of the 1940 census.

Year	Annual average (in millions of persons)		
	Civilian labor force	Civilian employment	Unemployment
1940.....	54.0	46.5	7.5
1944.....	52.7	51.8	.9
1945.....	52.0	50.8	1.2
1946.....	57.0	55.0	2.0
1947.....	57.4	54.9	2.5
1948.....	57.5	54.5	3.0
1949.....	58.0	55.2	2.8
1950.....	58.0	55.5	2.5

In this projection, unemployment in 1946 is estimated at somewhat less than the theoretical frictional minimum of 2.5 million, with a slight rise above this minimum in 1948, when the first rush of buying immediately after the war will have ended. It must be stressed that this is only one of many conceivable patterns of transition. It makes little difference, however, whether the probable moderate increase in unemployment in

Table 1.—The labor force and employment, 1939-45

[In thousands]

Year and month	Man- power, total	Armed forces	Civilian labor force			Unem- ploy- ment	Civilian employment		
			Total	Male	Female		Total	Male	Female
1939									
January	51,900	340	52,300	39,800	12,500	9,000	43,300		
April	53,400	350	53,050	40,150	12,900	8,850	44,200		
July	56,400	380	56,020	42,320	13,700	8,720	47,300		
October	54,000	390	53,610	40,510	13,100	7,010	46,600		
1940									
January	52,500	430	52,070	39,470	12,600	7,670	44,400		
April	53,770	460	53,310	40,220	13,090	7,800	45,510	34,250	11,260
July	56,940	520	56,420	42,570	13,850	8,410	48,010	36,680	11,330
October	54,570	730	53,840	40,610	13,230	6,530	47,310	35,850	11,460
1941									
January	53,250	900	52,350	40,010	12,340	6,800	45,550	34,820	10,730
April	54,490	1,400	53,090	40,230	12,860	5,810	47,280	35,920	11,360
July	58,350	1,800	56,550	42,150	14,400	5,240	51,310	38,570	12,740
October	56,070	2,000	54,070	39,940	14,130	3,460	50,610	37,620	12,990
1942									
January	55,070	2,100	52,970	39,720	13,250	3,890	49,080	36,910	12,170
April	56,850	3,000	53,850	39,710	14,140	2,740	51,110	37,820	13,290
July	60,670	3,900	56,770	41,220	15,550	2,430	54,340	39,710	14,630
October	59,830	5,200	54,630	38,820	15,810	1,460	53,170	37,930	15,240
1943									
January	59,720	7,000	52,720	36,850	15,870	1,370	51,350	36,040	15,310
April	60,940	8,400	52,540	35,990	16,550	950	51,590	35,470	16,120
July	65,340	9,300	56,040	37,380	18,660	1,290	54,750	36,670	18,080
October	63,080	10,000	53,080	35,310	17,770	910	52,170	34,820	17,350
1944									
January	61,930	10,500	51,430	34,640	16,790	1,080	50,350	33,990	16,360
April	63,060	11,000	52,060	34,880	17,180	770	51,290	34,440	16,850
July	66,600	11,600	55,000	35,990	19,110	1,000	54,000	35,410	18,590
October	64,770	11,900	52,870	34,410	18,460	630	52,240	34,100	18,140
1945									
January	62,860	11,900	50,960	33,650	17,310	840	50,120	33,160	16,960
April	64,030	12,100	51,930	33,840	18,090	770	51,160	33,410	17,750
July	67,520	12,300	55,220	35,140	20,080	950	54,270	34,660	19,610
October	63,710	10,600	53,110	34,590	18,520	1,550	51,560	33,660	17,900

<sup>1</sup> New series.

Source: Beginning with April 1940, revised estimates of the Bureau of the Census based on monthly labor market surveys. For January 1939-January 1940, estimates based on variations in agricultural and non-agricultural employment as recorded by the Bureau of Labor Statistics and the Department of Agriculture, adjusted in accordance with the respective series of the War Manpower Commission.



Table 2.—Distribution of employment, 1939-45

[In thousands]

Year and month	Agriculture	Government	Employment in private nonagricultural establishments adjusted for seasonal variations						
			Total	Manufacturing	Mining	Transportation and public utilities	Construction	Trade	Finance, service, and miscellaneous
1939									
March.....		3,930	25,837	9,738	875	2,870	1,711	6,523	4,120
June.....		3,960	26,272	9,924	855	2,905	1,828	6,599	4,161
September.....		4,020	26,817	10,324	874	2,935	1,794	6,670	4,210
December.....		4,090	27,167	10,641	923	2,990	1,603	6,791	4,219
1940									
March.....		4,090	26,926	10,439	916	2,990	1,496	6,821	4,264
June.....	11,000	4,110	27,265	10,458	908	2,998	1,736	6,865	4,300
September.....	10,400	4,160	28,010	11,017	918	3,025	1,758	6,951	4,341
December.....	8,700	4,200	29,195	11,589	926	3,076	2,135	7,076	4,393
1941									
March.....	7,620	4,310	30,097	12,174	943	3,131	2,260	7,192	4,397
June.....	10,100	4,430	31,324	13,032	970	3,254	2,239	7,388	4,441
September.....	9,300	4,530	32,240	13,580	1,000	3,331	2,327	7,548	4,454
December.....	7,500	4,650	32,212	13,748	1,002	3,307	2,115	7,487	4,493
1942									
March.....	7,690	4,870	32,522	14,255	976	3,382	2,055	7,331	4,523
June.....	10,230	5,140	33,060	14,865	981	3,419	2,057	7,206	4,532
September.....	8,860	5,430	33,740	15,644	962	3,448	2,077	7,227	4,582
December.....	7,380	5,700	34,197	16,333	933	3,525	2,041	7,136	4,229
1943									
March.....	7,230	5,910	34,155	16,831	915	3,574	1,604	7,110	4,121
June.....	9,820	5,960	33,813	16,908	893	3,620	1,263	7,017	4,112
September.....	9,050	5,810	33,665	17,051	876	3,633	1,020	7,006	4,079
December.....	6,820	5,980	33,498	16,995	863	3,687	864	6,962	4,127
1944									
March.....	6,910	5,900	33,222	16,642	852	3,780	737	7,046	4,165
June.....	9,560	5,900	32,870	16,093	848	3,765	677	7,012	4,475
September.....	8,670	5,890	32,500	15,771	824	3,732	635	7,058	4,480
December.....	7,090	6,080	32,082	15,552	802	3,790	619	7,015	4,304
1945									
March.....	7,290	6,030	32,430	15,445	796	3,846	691	7,214	4,438
June.....	8,300	5,953	31,596	14,534	794	3,830	845	7,004	4,589
September.....	8,800	5,933	29,401	12,097	784	3,834	945	7,138	4,603
December.....	7,192	5,769	30,550	11,914	802	3,866	1,042	7,062	4,036

1 Without seasonal adjustment.

Source: War Manpower Commission, *Manpower Statistics*, July 1945. For September and December 1945, *Monthly Labor Review*.

that phase of the postwar economy is visualized in 1948 or somewhat earlier or later.

All in all, the number of civilian jobs in 1950 is estimated at almost 20 percent more than in 1940 and 7 percent more than in 1944. Since, however, the hypothetical figure for 1950 is related to a population about 5 percent larger than in 1944, a 7-percent increase in civilian employment from 1944 to 1950 implies only that, in relation to population, there should be about as many civilian jobs in 1950 as in 1944.

This statement does not mean that a peacetime job should be substituted for each terminated war job in the course of the industrial reconversion. To ensure jobs to veterans returning to civilian life, the civilian economy should expand through the whole period of military demobilization. Such a course would be impossible if

civilian production were increased to the limit prematurely, in the early phase of reconversion. In other words, a smooth reconversion demands a lag between contraction of war production and the expansion of peacetime activities.

The task of reconversion, in terms of employment, will differ from industry to industry. In some industries, the level of activity at the end of the war was well above the goal of the peacetime full employment, and the task of reconversion will be to deflate wartime expansion. In others, the level of production was far below the peacetime patterns; here the task is to increase production. For the United States as a whole, increases in civilian employment will probably exceed decreases.

Civilian employment during the war was characterized by precipitous growth of manufacturing industries,

especially production of airplanes, ships, tanks, guns, and munitions; expansion of Government agencies; and contraction of building activities (table 2). In comparison with the hypothetical demand for labor in 1950, Government and manufacturing each had a surplus of 2 million jobs in 1944. On the other hand, 1944 recorded an acute shortage of labor in agriculture, building construction, and trade and service industries in comparison with postwar requirements.

For salary and wage workers in private nonagricultural establishments, full employment in 1950 presumes some 34.9 million jobs, 2.2 million more than in 1944. With reservation for a wide margin of error in a projection of this type, the demand for labor in 1950 may differ from that in 1944 as follows:

Industry	Number of employees (in thousands)		
	1944 <sup>1</sup>	1950, hypothetical <sup>2</sup>	Increase (+) or decrease (-) from 1944 to 1950
Total.....	32,670	34,900	+2,230
Manufacturing.....	16,010	14,000	-2,010
Mining.....	830	900	+70
Construction.....	670	3,000	+2,330
Transportation and public utilities.....	3,770	3,500	-270
Trade.....	7,030	8,000	+970
Finance, service, miscellaneous.....	4,360	5,500	+1,140

1 See table 2, column 4.

2 For the basis of these projections, see the *Bulletin*, January 1946, pp. 15-16.

## Hours of Work

Because of the labor shortage, hours of work were increased during the war. Many industries—especially munitions industries—shifted from the customary 40-hour week to 48 or 50 hours. The average weekly number of hours of work in manufacturing industries increased from 37.5 in 1940 to 45.5 in 1944. The input of work of factory workers rose from 412.5 million man-hours per week in 1940 to 728 million in 1944. The increase in man-hours was 76.5 percent, as compared with a rise of 44.5 percent in man-years of employment.

Considerable increases in hours of work were also recorded in mining, transportation, public utilities, and service industries. All in all, in 1944

approximately 20 million persons in nonagricultural establishments averaged an extra hour a day, as compared with prewar working hours, and their additional work was equivalent to the employment of 4 million workers. That figure rises to 5 million when account is taken of the strenuous work on farms during the war.<sup>4</sup> Thus, the 51.8 million persons employed through 1944 performed the number of man-hours of work that would have required 56.8 million workers under prewar work schedules. In 1940, employment represented some 46.5 million man-years of work, so that the rise from 1940 to 1944 in "normal" man-years of work, with the prewar work schedule, was more than 22 percent.

From the standpoint of social progress, the wartime increase in the workweek was a deplorable set-back, wiping out the results of a quarter century's efforts to secure better working hours and greater leisure. Probably the trend toward further reduction of the workweek will be resumed when agreements have been reached on wages and salaries. It is also likely that paid vacations will become increasingly common. The trend toward shorter hours of work may be somewhat offset, however, by reduction of part-time work, which before the war kept the average weekly number of hours of work per worker below 40. The over-all decline in average hours of work from 1940 to 1950 may therefore be comparatively small, say 3 percent. Using that figure, the changes outlined above in civilian employment would result in the following changes in input of work in terms of "1940" man-years.

Year	"1940" man-years (in millions)	Index 1940=100
1940.....	46.5	100
1944.....	56.8	122
1950.....	53.8	115

Thus, full employment in 1950 implies about 5.3 percent fewer man-hours of civilian labor than were per-

<sup>4</sup> This estimate makes no allowance for overtime work of self-employed persons and members of their families in non-agricultural pursuits and for increased hours of work in industrial establishments for which no reliable statistics are available.

formed in 1944: release of servicemen and growth of population are likely to be more than offset by withdrawal of emergency workers and reduction in hours of work.

### Productivity of Labor

Variations in the productivity of labor in wartime are usually concealed by changes in patterns of production, deterioration of quality, and erratic movements of uncontrolled prices. Though the achievements of munitions industries, especially in airplane production and shipbuilding, have been spectacular, it is questionable whether other industries have kept pace during the war with the long-range trend of technological progress.

Although war contracts were heavily concentrated in durable-goods industries, some nondurable goods also were required for military purposes. The part played by war production in the reported gains in output per man-hour in the two groups of industries is unknown, but it is recognized that within an industry war contracts were awarded to the most efficient and best-equipped factories; that war production had priority in obtaining skilled labor, raw materials, and transportation; and that war plants had the advantage of mass production of standardized goods. On the other hand, producers of civilian goods had to struggle with all kinds of shortages and bottlenecks.

It is likely, therefore, that war production had the lion's share in the visible over-all gain in output per man-hour and that technological progress in civilian production as a whole was insignificant. It is even questionable whether any appreciable increase in productivity of labor could be discerned in this field of production if deterioration in the quality of finished goods is taken into account.<sup>5</sup> In any event, it is rather doubtful whether the productivity of labor in peacetime industries increased from 1940 to 1945 at the annual rate of 2.5 percent corresponding to the long-

range trend in technological progress in the United States. In the long run, however, the experience gained in war production is likely to accelerate technical and economic progress generally, as it did after the Civil War and World War I. A comparatively rapid rise in the productivity of labor is likely to occur in the years just ahead. Therefore, if distribution of the labor force by industries and occupation remained the same as in 1944, the over-all output per man-hour in 1950 might be at least 15 percent higher than in 1944. This estimate is, however, subject to an important reservation: industrial and occupational distribution of the labor force is bound to change when the Nation shifts from war to a peacetime economy.

As far as the national product is concerned, gains in the productivity of labor will be partly offset by the shift of millions of workers from high-wage and high-output industries to low-wage and low-output pursuits. The Nation's losses from such shifts may be measured very roughly by losses in earnings of workers. According to current wage rates, workers shifting from the machinery and iron and steel industries to textile factories would lose about 40 percent of their wartime hourly take-home pay; those shifting from factory work to building construction or retail trade would take cuts of 15 percent; women leaving factory jobs for domestic service would receive less than half their wartime earnings. Assuming that about 30 percent of the workers change their jobs in the course of reconversion and that their wartime hourly output declines 30 percent (proportionately to their earnings), the over-all output per man-hour would rise from 1944 to 1950 not by 15 percent but by only 4.6 percent. Under this assumption, the transition to a peacetime economy may be described roughly by the following indexes:

Item	1944	1950
Man-hours of civilian work performed.....	100.0	94.7
Productivity of labor (output per man-hour).....	100.0	104.6
Output of civilian goods and services.....	100.0	99.1

<sup>5</sup> Cf. "National Product, War and Prewar: Some Comments on Professor Kuznets' Study and a Reply by Professor Kuznets," *Review of Economic Statistics*, August 1944, pp. 109-135 (articles by Milton Gilbert, Hans Staehle, W. S. Woytinsky, and Simon Kuznets).

Table 3.—Gross national product and national income, 1939–June 1945

[In billions, at current prices]

Item	1939	1940	1941	1942	1943	1944	1945
Gross national product or expenditures:							
Total	\$88.6	\$97.0	\$120.2	\$152.3	\$187.4	\$197.6	\$197.3
Government, total	16.0	16.7	26.5	62.7	93.5	97.1	83.0
Federal: War	1.4	2.7	13.5	50.3	81.3	83.7	69.0
Nonwar	6.5	6.1	5.3	5.0	4.9	5.7	6.1
State and local	8.1	7.9	7.9	7.4	7.4	7.7	7.9
Available for private use	72.6	80.4	93.7	89.6	93.9	100.5	114.3
Private gross capital formation	10.9	14.7	19.1	7.6	2.5	2.0	9.4
Consumers' goods and services	61.7	65.7	74.6	82.0	91.3	98.5	104.9
Durable goods	6.4	7.4	9.1	6.3	6.6	6.7	7.4
Nondurable goods	32.6	34.4	40.1	47.9	55.1	60.0	64.4
Services	22.7	23.9	25.4	27.8	29.7	31.8	33.1
Relation of gross national product to national income:							
Gross national product	88.6	97.0	120.2	152.3	187.4	197.6	197.3
Less: Business taxes, etc.	-10.4	-12.4	-18.5	-23.1	-27.4	-29.7	-28.6
Less: Capital charges, etc.	-7.0	-7.3	-7.8	-8.2	-8.5	-8.7	-8.7
Adjustment	-4	+5	+3.0	+1.2	-2.1	+1.5	+1.0
Equals: National income	70.8	77.8	96.9	122.2	149.4	160.7	161.0
National income by distributive shares:							
Total	70.8	77.8	96.9	122.2	149.4	160.7	161.0
Compensation of employees	48.1	52.4	64.5	84.1	106.3	116.0	114.5
Salaries and wages	44.2	48.7	60.8	80.8	103.1	112.8	111.4
Supplements	3.8	3.7	3.7	3.3	3.2	3.2	3.1
Net income of proprietors	11.2	12.2	15.8	20.6	23.5	24.1	25.6
Agriculture	4.3	4.4	6.3	9.7	11.9	11.8	12.5
Nonagriculture	6.9	7.8	9.6	10.9	11.6	12.3	13.1
Interest and net rents	7.4	7.5	8.0	8.8	9.7	10.6	11.8
Net corporate profits	4.2	5.8	8.5	8.7	9.8	9.9	9.0
Dividends	3.8	4.0	4.5	4.3	4.3	4.5	4.5
Savings	.4	1.8	4.0	4.4	5.5	5.4	4.5
Disposition of national income:							
Total	70.8	77.8	96.9	122.2	149.4	160.7	161.0
Add: Transfer payments	+2.4	+2.6	+2.5	+2.7	+3.2	+5.3	+8.1
Less: Social security contributions	-2.0	-2.1	-2.6	-3.2	-3.8	-3.9	-3.8
Less: Corporate savings	-4	-1.8	-4.0	-4.4	-5.5	-5.4	-4.5
Equals: Income payments to individuals	70.8	76.5	92.7	117.3	143.1	156.8	160.7
Less: Personal taxes, etc.	-3.1	-3.3	-4.0	-6.7	-18.6	-19.4	-21.0
Equals: Disposable income of individuals	67.7	73.2	88.7	110.6	124.6	137.4	139.7
Consumers' expenditures	61.7	65.7	74.6	82.0	91.3	98.5	104.9
Net savings of individuals	6.0	7.5	14.2	28.6	33.3	38.9	34.9

Source: Survey of Current Business, March 1943–February 1945, and February 1946.

With allowance for a considerable margin of error, it appears that a full-employment civilian economy in 1950 would yield an over-all civilian output somewhat less than in 1944.

### Gross National Product

In addition to goods and services produced by the civilian economy, the gross national product includes services of the armed forces. This item would have been hardly less than \$25 billion if subsistence costs of the armed forces were added to their salaries and the sum interpreted as an equivalent of their services. However, only the money payments to the armed forces amounting to \$14 billion are listed in 1944 gross national product as determined by the Department of Commerce. The comparable item for 1950 may amount to \$3 billion. Excluding the services of the armed forces, the gross national product in 1944 amounted to \$184 billion. With the slight decline as suggested above, the value of goods and services pro-

duced in the civilian sector of the national economy would be close to \$182 billion in 1950. Adding \$3 billion for services of the armed forces, the total would be \$185 billion—at 1944 prices, which is slightly more than that indicated by another projection using 1940 as a bench mark without regard to changes in national income during the war. The disparity between the two computations falls within the unavoidable margin of error. The essential point is that full employment in 1950 does not postulate that the gross national product must be as great as in 1944 but only that it should not lag more than 10 percent behind what it was at the peak of the war effort. A reconversion from the war boom to peacetime full employment presumes therefore a downhill movement. A smooth and successful reconversion requires that the descent be not too abrupt and that it stop when production returns to the level of peacetime prosperity.

Moreover, the slope may be somewhat steeper than it appears from comparison of the gross national product of \$199 billion in 1944 with the hypothetical \$180 billion in 1950. With correction for the growth in population and the long-range trend in technological progress, \$180 billion in 1950 represents hardly more than \$165 billion in 1946. Reconversion to peacetime full employment therefore implies an appreciable contraction of the overexpanded war economy in terms of output per head of population or per unit of available productive forces.

In fact, because of expansion of active manpower (including the armed forces) during the war and the longer workweek, the input in man-hours was at least 20 percent higher in 1944 than it would be in full employment under normal conditions. The return to normalcy would require a considerable cut in input of work as measured in man-hours, and this postulate is expressed by the contraction that would occur if the gross national product sinks from \$199 billion to \$165 billion.

The task of reconversion is not to minimize this decline during the shift to a peacetime economy but to effect the necessary readjustment in such a way as to avoid a deflationary spiral and to ensure a smooth upward expansion of the civilian economy from its hypothetical low point.

To visualize the road from war to peace in terms of annual variations of gross national product and national income, their variations during the war should be recapitulated (table 3). The gains from 1939 to 1941 marked essentially the liquidation of the pre-war slump which had interrupted the recovery that had been in progress since the spring of 1933. In fact, appreciable rise of employment and expansion of production related to the war did not begin until the second half of 1941. The subsequent growth of the national product, expressed in dollars, reflected to some extent the rise of prices, but it is practically impossible to isolate this factor.\*

The indexes of wholesale prices and of consumers' prices prepared by the

\* Cf. Kuznets, Simon, *National Product in Wartime*, National Bureau of Economic Research, 1945, pp. 38 ff.



Bureau of Labor Statistics rose above the 1939 averages as follows:

Year	Index of wholesale prices	Index of goods purchased by wage earners
1939	100	100
1940	102	101
1941	113	106
1942	128	117
1943	134	124
1944	135	126
1945	137	128

If half the gross national product is deflated by the wholesale price index and the other by the consumer price index, nominal and real gross national income increased as follows:

Year	Nominal gross income, current prices (in billions)	Real gross income, 1944 prices (in billions)
1939	\$88.6	\$115.6
1940	97.0	124.7
1941	120.2	143.2
1942	152.3	162.2
1943	187.4	189.6
1944	197.6	197.6
1945	197.3	194.3

If the gross national product in 1950 amounts to \$180 billion, at 1944 prices, it will be not much lower than in 1943. With the regearing of production to peacetime needs, it would provide a higher standard of living than the United States has ever known.

In table 4, a distribution of the hypothetical gross national product in 1950 is contrasted with that in 1944. The hypothetical distribution of consumers' expenditures among durable goods, nondurable goods, and services shown in this table rests on the following considerations. Because of the return of servicemen to civilian life

Table 4.—Gross national product in 1944 and 1950

(In billions, at 1944 prices)

Item	1944 <sup>1</sup>	1950 <sup>2</sup>
Gross national product, total	\$197.6	\$180.0
Government share	97.1	28.4
Federal	89.4	17.6
State and local	7.7	10.8
Available for private use	100.5	151.6
Private gross capital formation (business share)	2.0	22.8
Consumers' goods and services	98.5	128.8
Durable goods	6.7	14.5
Nondurable goods	60.0	70.0
Services	31.8	44.3

<sup>1</sup> *Survey of Current Business*, July 1945, p. 12.

<sup>2</sup> See the *Bulletin*, February 1946, p. 14 (figures in table 3, recomputed at 1944 prices).

Table 5.—Hypothetical changes in gross national product, 1944-50

(In billions, at 1944 prices)

Item	1944	1945	1946	1947	1948	1949	1950
Total	\$197.6	\$194.3	\$160	\$170	\$170	\$175	\$180.0
Government	97.1	81.8	50	35	32	30	28.4
Private use	100.5	112.5	110	135	138	145	151.6
Capital formation	2.0	9.2	20	30	28	25	22.8
Consumer goods and services	98.5	103.3	90	105	110	120	128.8

and cumulative effect of war and postwar marriages, the number of households will rapidly increase. Assuming a 15-percent rise in the number of consumer units and the same pattern of consumption as in 1944, the demand for consumers' goods and services would rise from \$98.5 billion in 1944 to \$113.3 billion in 1950 (\$7.7 billion for durable goods, \$69 billion for nondurable goods, and \$36.6 billion for services). An additional \$15.5 billion is assigned mainly to those fields of consumption which did not expand during the war—that is, to durable goods and to services. The trend would be to return to the prewar pattern of distribution, but on a higher level.

The hypothetical changes in the distribution of national expenditures from 1944 to 1950 may be interpolated under the assumption that the liquidation of the war economy will contract production considerably in the last quarter of 1945 and the first half of 1946; that losses will be partly offset by the expansion of peacetime production in the second half of 1946; that the upward trend will continue through 1947; that the expansion will be slowed down in 1948 by a temporary set-back related to readjustment of prices; and that production will rise in 1949 and 1950.

This concept of general trends in the postwar economy may be combined with the assumptions of varying rates of change for different items of the gross national product (table 5). It is not unlikely, for example, that capital outlays will be particularly heavy in 1947 and decline slightly thereafter; that private consumption will be somewhat lower in 1946 than in 1945 and will expand after reconversion is completed; that Federal expenditures will drop in 1946 to about half the 1944 peak and decline gradually later.

The set-back in 1946 indicated in the projection in table 5 marks the

liquidation of the overexpansion of the economic system that is characteristic of wartime. With the withdrawal of temporary workers, reduction of hours of work, and return of workers from wartime jobs to less lucrative peacetime pursuits, national output of goods and services must go down and that decline may be only partly offset by the rising productivity of labor. This downward movement does not necessarily imply mass unemployment. On the contrary, the suggested variations in gross national product were computed under the assumption of nearly full employment of the available labor force as indicated in chart 1 and in projections for civilian employment on page 12.

As far as our figures rest on this computation they are hypothetical and to some extent illustrative of what would occur under the postulated conditions which may exist or not in the future. However, the hypothesis of an expansive economy in postwar years has not been picked up at random from the multitude of arbitrary assumptions. It has been selected rather on the basis of economic and historical analysis that pointed to this type of development as most probable. In this sense, figures in table 5 indicate the probable economic trends in the United States in the years ahead.

The probable national income for each year may be derived by deducting business taxes and capital charges from the hypothetical gross national product (table 6).

In these estimates, national income is 14 percent less in 1946 than in 1944, rises in 1947 to about 92 percent of the 1944 amount, and declines slightly in 1948. Such a set-back would parallel the anticipated variations in employment and would be somewhat analogous to the "primary postwar depression" in 1920-21. After World War I, however, the country went through a violent inflation followed by

Table 6.—Hypothetical changes in national income, 1944-50

[In billions, at 1944 prices]

Item	1944	1945	1946	1947	1948	1949	1950
Gross national product.....	\$197.6	\$194.3	\$160.0	\$170.0	\$170.0	\$175.0	\$180.0
Less: Business taxes, etc.....	-29.7	-28.2	-12.5	-13.0	-13.4	-13.8	-14.2
Less: Capital charges.....	-8.7	-8.6	-9.5	-9.7	-10.0	-10.4	-10.8
Adjustments.....	+1.6	+1.0					
Equals: National income.....	160.7	158.5	138.0	147.3	146.6	150.8	155.0

the collapse of prices, while this time the rise of prices has been kept under control both during the war and in the early phase of the reconversion. Unless the controls collapse, a setback in 1948 is likely to be less violent than in 1920-21. This assumption underlies projections of economic conditions in 1946-50 in this study.

### Wages

The war caused significant changes in the distribution of national income. Compensation of employees (including pay of the armed forces but excluding Government allowances to servicemen's dependents) increased from 67.4 percent of total national income in 1940 to 72.2 percent in 1944; the farmers' share rose from 5.7 percent to 7.3 percent, while that of proprietors in nonagricultural pursuits (nonincorporated business) fell from 10.0 percent to 7.7 percent. There was also a substantial decline in the relative share of interest and net rents (from 9.6 percent to 6.6 percent) and of net corporate profits (from 7.5 percent to 6.2 percent).

It is likely that the distribution of national income after the war will neither duplicate that of 1944 nor return to the prewar pattern. The new distribution will probably lie between these two extremes but be more like the prewar pattern. Table 7 shows a tentative distribution of hypothetical national income in 1945-50 under the assumption that the relative shares of employees and farmers, apart from annual fluctuations, decline in comparison with 1944 but remain somewhat higher than in 1940; that the share of interest and net rents is greater than before the war and increases steadily; that the share of proprietor income in nonagricultural industries and dividends increases, and that of nondistributed corporate profits (corporate savings) declines.

Salaries and wages of civilian work-

ers (excluding the armed forces but including civilians in public service) in 1950 are set in table 7 at \$99.3 (=102.3-3.0) billion, slightly more than the 1944 amount (\$98.8 billion). On the other hand, it is anticipated that, in terms of man-hours, the volume of civilian work will be appreciably less in 1950 than in 1944. Consequently it is assumed that average straight hourly wage rates in 1950 will be sufficiently higher than in 1944 to more than offset elimination of overtime bonuses and the shift of workers from high-wage war industries to less lucrative peacetime jobs.

Closer analysis shows that an upward revision of wage rates is not only compatible with the stability of prices but is a premise of such stability. In fact, though the national wage bill increased greatly during the war, hourly wage rates could not be adjusted adequately to the growing productivity of labor and the rising cost of living. The increase in the total was due mainly to the increase in employment, the longer workweek, overtime pay, and expansion of high-wage industries, and only to a small degree to the rise of basic wage rates.

In the manufacturing industries, for example, where the weekly wage pay roll increased, according to the Department of Commerce, from \$178

million in January 1939 to \$597 million in April 1945, \$116 million of the increase was due to increased employment, \$103 million to the longer workweek (apart from overtime pay and changes in inter-industry distribution of workers), and \$76 million to overtime pay and shift of workers to high-paying industries. Straight hourly wage rates rose 42.2 percent.<sup>1</sup> This average rate of increase was higher than that of the official cost-of-living index (30 percent, in round numbers) but hardly much higher than the actual advance of prices if the hidden inflation is taken into account. Thus, return to the 1939 industrial distribution of the labor force and 1939 hours would have cut the real hourly earnings of factory workers to the prewar level. In view of the rise in productivity of labor, this would mean a substantial decline in the relative share of workers in the value of the output. Apart from considerations of social policy, such a decline would threaten the equilibrium between production and consumption and undermine the stability of prices. During the war, prices have been adjusted to production costs, and it therefore seems logical that wage rates be revised after cessation of overtime work, elimination of wartime bottlenecks, and replacement of marginal emergency workers by regular personnel.

The trend in wages that conforms to the postulate of economic equilibrium and to the suggested projections of national output and employment may be estimated from the following considerations.

If the pay of the armed forces is

<sup>1</sup> Survey of Current Business, September 1945, p. 5.

Table 7.—Hypothetical changes in distributive shares of national income, 1944-50

[In billions, at 1944 prices<sup>1</sup>]

Item	1944	1945	1946	1947	1948	1949	1950
National income.....	\$160.7	\$158.5	\$138.0	\$147.3	\$146.6	\$150.8	\$155.0
Compensation of employees:							
Salaries and wages.....	112.8	100.7	91.5	98.7	98.2	100.3	102.3
Supplements.....	3.2	3.1	2.8	3.2	3.1	3.0	3.1
Net income of proprietors:							
Agriculture.....	11.8	12.3	9.7	10.6	10.6	10.7	10.8
Nonagriculture.....	12.3	12.9	11.0	11.8	12.5	13.0	13.5
Interest and net rents.....	10.6	11.6	11.0	12.5	13.2	14.3	15.5
Net corporate profits:							
Dividends.....	4.5	4.4	5.9	5.5	5.4	6.2	7.0
Savings.....	5.4	4.4	6.1	5.0	3.6	3.3	2.8

excluded from total salaries and wages as shown in table 7, earnings of civilian workers would vary approximately as follows:

[In billions, at 1944 prices]

1944	1945	1946	1947	1948	1949	1950
\$99	\$97	\$85	\$93	\$94	\$96	\$99

According to this projection the civilian pay roll would decline about 12 percent in 1946 and return to the 1944 level in 1950. This variation in pay roll should be compared with the number of hours of work performed. It has been assumed that withdrawal of emergency war workers would proceed rapidly in 1946-47 and at a declining rate thereafter, that in 1948-50 withdrawals will be offset by the growth of the population, and that average weekly hours of work in 1950 will be about 3 percent less than in 1940. According to these assumptions, the number of hours of civilian work would drop 5 or 6 percent from 1944 to 1948 and fluctuate in a narrow range thereafter.

Under these conditions, average hourly earnings would drop slightly—perhaps 4 or 5 percent—in 1946 but recover rapidly. They may be in 1949 5 to 6 percent higher than in 1944 and rise 3 percent in 1950. The rise in individual industries should be considerably larger, perhaps between 15 and 20 percent in 1946 to offset the effect of elimination of overtime bonuses and of shifts of workers from high-wage to low-wage industries.

These figures are, of course, purely illustrative and are intended merely to show one of the patterns of variation in wages that conforms to the assumed pattern of economic development after the war.

### Menace of Deflation

Reconversion from war to a peacetime economy implies a sudden reduction in Federal expenditures and production. It might appear that the shrinkage in jobs and current earnings of workers would cause a general contraction of consumer expenditures. In this event, lay-offs in munitions factories would be followed by lay-offs in civilian-goods industries, and a secondary wave of unemployment would sweep over the country.

Moreover, the productive capacity of industrial plants expanded during the war might appear too large for utilization under peacetime conditions. After postponed repairs and necessary adjustments are completed, there would be no further demand for investments. Production of capital goods would be cut to the bone or discontinued, leading to further growth of unemployment, further loss in purchasing power, and eventual collapse of agricultural prices. As in the 1930's, depression in the industrial sector of the economic system would be aggravated by the misery of the farmers.

Such, in general terms, is the theory of the *deflationary spiral* in the course of reconversion, a theory that suggested the possibility of unemployment totaling 6-8 million in the last quarter of 1945, 8-10 million in the first quarter of 1946, and 12-15 million in 1947.

According to this theory, war savings would be no defense against the coming deluge. Because of the lack of opportunities for profitable investment, the business reserves piled up during the war would be frozen. Because of the fear of further deterioration in business conditions and work opportunity, private consumers would be reluctant to spend their savings.

Contrary to this theory, the end of the war failed to touch off a deflationary spiral. Not only was there no contraction in civilian consumption, but department-store sales skyrocketed and reached in January 1946 a level 15 to 20 percent higher than in the same season in 1945. The demand for investment goods showed a similar trend. Unemployment increased slightly in comparison with 1943-44 but throughout 1945 remained below the theoretical normal "float" of 2.0 or 2.5 million. It rose somewhat in January-February 1946 but was still below the theoretical minimum for this season. The comparatively light unemployment in this phase of reconversion is the more remarkable because reconversion was proceeding under rather unfavorable conditions. Because of the sudden surrender of Japan and the unexpected speed in repatriation of troops, the supply of civilian labor increased more rapidly than had been assumed in the most pessimistic projections. At the same

time, international relations remained unsettled, perspectives of foreign trade and investments were uncertain, labor disputes slowed down reconversion in key industries, and the cut in 1946 taxes led some industrialists to postpone expansion of production until after New Year's.

In spite of these handicaps, reconversion has followed, as after all the major wars in the past, a pattern characterized by an expansion almost immediately after the end of the fighting. The theoretical explanation of this pattern is simple. The war originates expansive forces in the economic system and, as long as these forces prevail, basic dislocations created by the war economy remain hidden. The expansive character of a postwar economy is due to the fact that after a major war a comparatively long period must elapse before output catches up with the accumulated demand. A deflationary spiral, which presumes that the demand lags behind output, cannot develop during this period; it develops later, not as a direct aftermath of the war economy but as a result of dislocations accumulated in the postwar expansion.<sup>8</sup>

Apart from business taxes and capital charges, the value of civilian production during a war equals wages, interest, and profits paid out in the respective industries. Part of the purchasing power of people engaged in these industries is taxed away and part is diverted to saving, reducing their share in civilian goods to, say, half of the total available output. The other half of the output goes to people engaged in the war effort.

Assume that, when a war ends, military expenditures, war taxes, and wartime controls are abolished overnight. In such an event the demand for civilian goods will be controlled by the current earnings of the population engaged in the civilian sector of the economy, plus the reduced expenditures of the rest of the Nation, financed by savings, borrowing, relief, and the like. The total necessarily exceeds the value of available goods and services. A sellers' market not only stimulates production of consumer goods on a steadily increasing

<sup>8</sup> See the *Bulletin*, December 1945, pp. 26-27.



scale but also opens bright opportunities for investment and calls for expanding production of capital goods. Even if expansion of economic activities is temporarily interrupted by shortage of raw materials, maladjustments in prices and wages, changes in production patterns, and the like, the general trend in the economic system is necessarily upward. In brief, after a major war the economic system tends to expand to the limits of its productive capacity, practically to the limits of the available labor force, which makes mass unemployment in this phase of economic development highly improbable, if not impossible.

How long may such a situation last? And what is the chance of stabilizing production at the level of postwar full employment?

These questions lead to the problem of deferred demand and accumulated purchasing power as an aftermath of the war economy.

### War Savings

One of the most important consequences of the war, indeed one of the decisive factors of the postwar economic development of this country, is the unprecedented accumulation of savings and reserves by individuals and business enterprises.

### The Origin of War Savings

To appraise the role of war savings in the postwar economy, one should recall conditions that accounted for the accumulation of savings during the war.

Individuals generally use part of their "disposable income" for direct consumption and part for savings and investment. Eventually money put aside at some previous time flows back to consumption; such belated spending is the essential purpose of saving. "Net savings" represent the remainder of current savings after subtracting the expenditure of formerly accumulated reserves. As long as net savings of individuals and incorporated enterprises find their way into investments, and Government expenditures

chargeable to the gross national product are met by taxes levied on current income, the total demand for consumer and capital goods is in balance with the aggregate of wages, profits, other income, and capital charges, and this aggregate, in turn, is in balance with the total amount of prices for all goods and services produced. In this event, producers may sell their products at the prices they have anticipated and are therefore willing to risk further investment. On the contrary, if individuals and business put aside more money than is absorbed by investment, total expenditures must fall short of the current supply of goods and services—the value of the national output—and available goods and services cannot be sold at the prices expected by producers. Since this situation is likely to cause a deflationary contraction of economic activities, oversavings may be described as a "deflationary gap." On the other hand, an "inflationary gap" develops when the aggregate of goods and services available for private use fails to keep pace with a rise in disposable income.

A slight surplus of disposable income over available goods and services does not necessarily endanger equilibrium of the economic system but serves rather to stimulate its expansion. On the other hand, a considerable surplus can throw the whole structure of prices out of balance. This danger becomes imminent in a war economy when the disposable income of individuals increases under the impact of Government expenditures, while the supply of consumer goods and services declines.

Theoretically, heavy taxation is the simplest method for closing or narrowing the inflationary gap. This method, however, cannot be used indefinitely; a point is reached at which the free purchasing power of individuals cannot be taxed away without destroying the economic incentive for work. Then it is left to individuals to close the inflationary gap by saving their surplus earnings or lending them to the Government. They can lend their savings to the Nation directly, by buying bonds, or indirectly, through banks. Even hoarding currency is a form of lending to the Government, since each banknote is a loan obligation. Generally speaking, each dol-

lar put aside by consumers in any way lessens inflationary danger. What is essential is the consumer's decision to abstain—at least temporarily—from using a part of his current purchasing power.

### The Amount of War Savings

All in all, the net savings of individuals and business enterprises during a war approximate the sum of net capital formation and the part of war expenses met through borrowing—that is, the increase in the national debt. If we entered the war with a national debt of \$50 billion and have a debt of \$270 billion at the end of demobilization, net savings accumulated during that period (including business reserves) will total approximately \$220 billion, plus the amount of net capital formation during the war.<sup>10</sup>

Accumulation of individual net savings from 1939 to 1944 is illustrated by table 8. Including net savings of

<sup>10</sup> This relationship may be proved using the following symbols to indicate items in the flow of the gross national product:

Gross national product.....	GNP
Share of Government in GNP.....	G
Share of private consumption in GNP.....	C
Net capital formation.....	F
Capital charges.....	A
So that	
GNP = G + C + F + A.....	(1)
Further:	
Business taxes.....	T <sub>b</sub>
Direct taxes.....	T <sub>d</sub>
National income.....	I
Disposable income of individuals and business enterprises.....	D

So that  
I = GNP - A - T<sub>b</sub>..... (2)  
and

$$D = I - T_d = \text{GNP} - A - T_b - T_d \quad (3)$$

Then savings of individuals and business enterprises will equal the difference

$$S = D - C \quad (4)$$

Substituting (3) for D we find

$$S = \text{GNP} - A - C - T_b - T_d \quad (5)$$

Substituting (1) for GNP in the last equation

$$S = G + F - T_b - T_d \quad (6)$$

Or  
S = (G - T<sub>b</sub> - T<sub>d</sub>) + F..... (7)

It will be noticed that (G - T<sub>b</sub> - T<sub>d</sub>) represents the difference of Government spending for goods and services (G) over its receipts in business and direct taxes (T<sub>b</sub> and T<sub>d</sub>). Since this difference is covered by borrowing, formula (7) indicates that net savings of individuals and business equal the sum of Government borrowing and net private capital formation.

In all these equations, allowance should be made for adjustment factors.

<sup>10</sup> Disposable income of individuals is determined by deducting from the aggregate of national income corporate savings (undistributed profits), social security contributions, and personal and income taxes.

corporations (undistributed profits) totaling \$26.1 billion (table 3), about \$190 billion was put aside by the end of 1945. This amount is bound to increase further in the period of reconversion as long as the shortage of durable goods on the market compels consumers to postpone or restrict their postwar purchases.

A run-away inflation like that which had developed under much less pressure during the last war has been prevented this time by economic controls and the sober behavior of the majority of the population. Price control and rationing assured consumers of essentials at prices reasonably near the pre-war level. These measures eliminated the pressure of free purchasing power on prices in the controlled section of the economic system but did not reduce the disparity between disposable income and expenditures. The gap, rather, was stabilized by the fact that consumer expenditures for essentials could not increase. To some extent, controls were facilitated by the fact that consumption was maintained at a very high level—higher indeed than had ever been reached before the war. Sacrifices demanded from the population were not heavy in comparison with those in other belligerent countries. In addition, consumers showed a considerable amount of self-discipline and were willing to defer spending by buying war bonds or otherwise, putting money aside.

The contrast between wartime and peacetime savings is presented in a nutshell by the statement that under normal conditions a consumer saves mainly for a rainy day while in wartime he saves mainly for a bright day. He thinks of the day when the war will be over, when new cars, refrigerators, washing machines, radios, and other coveted durable goods will re-

appear on the market; when he will be able to buy or build a home to his taste; when he again can buy gasoline freely; when the horrors of war will no longer interfere with his desire for leisure and pleasure. But these are not the only motives for saving in wartime. Some consumers are reluctant to spend their earnings because they do not know what will happen to them and their families in the coming months or years. Others spend less because they have no time or opportunity for spending or because they choose to adopt the more austere manner of living that develops under the strain of war. Still others fear the future, when the war boom is over. Of course, war and easy money also stimulate lavish spending. There is no evidence, however, that the great majority of consumers in the United States were eager to acquire more than their proper share of the wartime output of civilian goods and services.

### The Distribution of War Savings

The impact of war savings on economic and social conditions after the war depends largely on the distribution of savings among the population. Before the war, savings were concentrated in the hands of a relatively few well-to-do persons. On the basis of the Consumer Purchases Study, the National Resources Committee found that approximately 60 percent of the 39.5 million households in the United States had incomes of less than \$1,250 in 1935-36 and not only did not put money aside but were unable to make ends meet; they made no current savings and had to use earlier savings, rely on public or private aid, or go into debt. In the next higher 10 percent of the households, with annual incomes of \$1,250-1,500, the rate of

Table 9.—Distribution of income, expenditures, and savings of households, by income class, 1942

Income class	House- holds (in mil- lions)	Mon- ey in- come	Taxes	Ex- pendi- tures <sup>1</sup>	Sav- ings
All classes.	41.2	\$105.4	\$4.3	\$75.7	\$25.4
Less than \$1,500.	16.7	14.4	.1	14.4	(2)
1,500-2,999.....	13.9	29.7	.2	24.8	4.7
3,000-4,999.....	7.3	27.7	.4	20.4	6.8
5,000-9,999.....	2.5	17.0	.6	10.4	6.0
10,000 or more.....	.8	16.6	3.1	5.6	7.9

<sup>1</sup> Including gifts to organizations.

<sup>2</sup> Less than \$50 million.

Source: Office of Price Administration, *Civilian Spending and Saving, 1941 and 1942*, Mar. 1, 1943, p. 4.

savings was less than 2 percent of income; it increased steadily in higher income groups, and households with incomes of \$20,000 or more saved more than half their incomes. In 1935-36, sizable savings were put aside by approximately 4 million households; among these, some 331,000 families and single individuals with incomes of \$10,000 or more made more than 60 percent of the aggregate savings.

The situation has changed during the war. According to the Office of Price Administration, incomes, taxes, expenditures, and savings were distributed in 1942 by broad income classes as shown in table 9.<sup>1</sup> Some 800,000 households with incomes of \$10,000 or more made 31 percent of the aggregate savings; 2.5 million in the upper-middle income brackets had 24 percent; and the remaining 45 percent was held by 21.2 million families with incomes from \$1,500 to \$5,000. On the other hand, the 16.7 million families with incomes under \$1,500 were, as a group, in the red.

For 1944 the Bureau of Labor Statistics has collected data on distribution of families and single persons in urban communities by income level (table 10). These data, not strictly comparable with those for 1942 as shown in table 9, indicate that about 30 percent of the city households

<sup>1</sup> Totals of incomes, taxes, expenditures, and savings in table 9 differ from respective items for 1942 in tables 3 and 8. The difference is largely due to the fact that table 9 is restricted to money incomes of households while tables 3 and 8 refer to all kinds of income and individuals, including persons not in private households.

Table 8.—Distribution of income payments among expenditures, taxes, and saving, 1939-45

(In billions, at current prices)

Item	1939	1940	1941	1942	1943	1944	1945
Income payments to individuals	\$70.8	\$76.5	\$92.7	\$117.3	\$143.1	\$156.8	\$160.6
Consumer expenditures	61.7	65.7	74.6	82.0	91.3	98.5	104.9
Surplus of incomes over expenditures	9.1	10.8	18.1	35.3	51.8	58.3	55.7
Distribution of surplus incomes:							
Personal taxes	3.1	3.3	4.0	6.7	18.6	19.4	21.0
Net saving	6.0	7.5	14.2	28.6	33.2	38.9	34.7

Source: *Survey of Current Business*, January 1944, February 1945.

Table 10.—Average money income, expenditures, and savings of households in cities, by income class, 1944

Money income after personal taxes	Percentage distribution of all households	Per household			
		Money income	Taxes	Expenditures <sup>1</sup>	Savings
All classes.....	100.0				
Less than \$500.....	4.2	\$292	\$1	\$611	—\$320
500-999.....	7.7	787	23	970	—206
1,000-1,499.....	7.1	1,313	70	1,369	—126
1,500-1,999.....	11.9	1,893	124	1,772	—3
2,000-2,499.....	13.9	2,449	198	2,038	213
2,500-2,999.....	13.2	3,030	283	2,511	236
3,000-3,999.....	19.9	3,888	407	2,943	538
4,000-4,999.....	9.6	4,970	564	3,639	767
5,000 or more.....	12.5	9,991	2,357	4,778	2,856

<sup>1</sup> Includes gifts and contributions.Source: "Expenditures and Savings of City Families in 1944," *Monthly Labor Review*, January 1946, pp. 1-5.

made no savings in that year; about an equal group saved less than 10 percent of their annual money income; 20 percent put aside 15-20 percent; and 20 percent had more substantial savings.

A comparison of the distribution of incomes and savings in 1942 and 1944 with their distribution in 1935-36 shows that during the war years a large number of families in the United States enjoyed increases in income that brought them to levels at which they could make appreciable savings.

Many city families that had annual incomes of \$1,250-1,500 and practically no savings in 1935-36, for example, may have risen to the \$2,500-3,000 bracket by 1944 and put aside the average of \$236 in that year. Through the 4 years of the war, cumulative savings of such a household may have amounted to \$800.

A wider distribution of savings was furthered also by the drastic rise of taxes on the higher incomes during the war, which contributed to a less uneven distribution of disposable income. Estimates of the deciles of the disposable income in 1942 and 1944 are shown in table 11.

With such differences in the rise in disposable income at different economic levels, it seems reasonable to assume that the amount of free money and savings in the middle income groups increased at a higher rate than in the prosperous groups.

The contention that millions of households shared in war savings is confirmed by numerous sample surveys. The survey of incomes and savings of Braddock steelworkers made by the United Steelworkers of Amer-

ica (CIO) in January 1945 is typical. Cumulative liquid savings of a representative cross section of steelworkers averaged \$800 at the time of the survey. Only 18 percent reported savings of less than \$100; 20 percent had from \$100 to \$300; 20 percent had put aside from \$300 to \$500; 23 percent from \$500 to \$1,000, and 19 percent, \$1,000 or more.<sup>2</sup> The survey points out that only one-fourth of reported savings represented rainy-day money, while the rest was put aside because of the particular conditions of war economy, as deferred purchasing power.

A survey made by the Industrial Union of Marine and Shipbuilding Workers of America suggests that savings of shipyard workers averaged \$382 before they entered the industry and \$652 on July 15, 1944. This increase in savings was allegedly offset by the growth of debts, which averaged \$262 when the workers entered the shipyard jobs and \$561 when the survey was taken. The latter amount, however, includes mortgages which workers gave on property they had bought at the new location. Since it is highly improbable that the mortgages represented more than the actual value of the property, the rise in

<sup>2</sup> United Steelworkers of America, *The Braddock Steelworker*, p. 22.Table 11.—Decile disposable incomes of nonfarm families of two or more (after deduction of taxes), 1942 and 1944<sup>1</sup>

Year	First decile	Second decile	Third decile	Fourth decile	Fifth decile	Sixth decile	Seventh decile	Eighth decile	Ninth decile
1942.....	\$550	\$920	\$1,285	\$1,570	\$1,895	\$2,220	\$2,570	\$3,070	\$4,000
1944.....	1,040	1,400	1,755	2,025	2,235	2,550	2,890	3,260	4,000
Gain.....	490	480	470	455	340	330	320	190	.....

<sup>1</sup> For method of estimating taxes see Woytinsky, W. S., "Economic Perspectives, 1943-48," Social Security Board, Bureau of Research and Statistics (Memorandum No. 52), p. 95.

debts recorded by the survey can hardly be regarded as an item offsetting liquid savings of workers.

This survey also reports that more than 90 percent of the shipyard workers had war bonds averaging \$484 per holder.

The accumulation of liquid savings by farmers deserves particular attention. Total equities in farms increased from \$53.8 billion as of January 1, 1940, to \$90.8 billion on January 1, 1945. More specifically, landowners' equity in real estate advanced from \$27.1 billion to \$45.0 billion, and farmers' equity in other property, from \$26.7 billion to \$45.8 billion.<sup>3</sup>

The gain in landowners' equity reflected the rise in real-estate prices and the decline in mortgages. The gain of farmers' equity in other property was due partly to revaluation of livestock and equipment but mainly to improvements on farms and accumulation of liquid financial assets such as currency, deposits, and U. S. savings bonds: these last totaled \$5.2 billion on January 1, 1940, and \$16.8 billion on January 1, 1945. At the same time, liabilities of farmers (including real-estate mortgages and other debts) dropped from \$10 billion to \$9 billion. Before the war the financial assets of farmers were \$4.7 billion less than their liabilities; on January 1, 1945, their assets exceeded their liabilities by \$7.8 billion.

Market conditions were highly favorable for farmers in 1945 and are likely to remain favorable during the transition to a peacetime economy. By the end of 1946 their liquid financial assets may readily increase to about \$25 billion, about five times the prewar size and five times as much

<sup>3</sup> Department of Agriculture, Bureau of Agricultural Economics, *The Impact of the War on the Financial Structure of Agriculture, 1945*, (Misc. Pub. No. 567); and *The Balance Sheet of Agriculture, 1945*, December 1945 (Misc. Pub. No. 563).



Table 12.—Hypothetical distribution of war savings at the end of 1945, by income class in 1942

Income class in 1942	Number of households, 1945 (in millions)		Savings at the end of 1945		
	All households	Households with savings	Total (in billions)	Average per household	
				All households	Households with savings
Total.....	42.0	31.5	\$150	\$3,571	\$4,762
Less than \$1,500.....	17.0	7.5	5	294	667
1,500-2,999.....	14.2	13.5	40	2,817	2,963
3,000-4,999.....	7.7	7.2	42	5,455	5,833
5,000-9,999.....	2.5	2.5	31	12,400	12,400
10,000 or more.....	.8	.8	32	40,000	40,000

as the annual income of farmers in the late 1930's.

Valuable information on the distribution of war savings is provided by the survey of hopes and fears of the population taken by *Fortune* in the summer of 1945.

The following question was asked: *Sometimes it is interesting to think of what we might be able to do under different circumstances. For instance, suppose your whole income suddenly stopped for awhile. Could you live for six months just the way you are now living if you used your savings, war bonds, investments, and ready cash?*

The answers were tabulated as follows:<sup>14</sup>

Answer	Economic level					
	Total	Prosperous	Upper middle	Lower middle	Poor	Negroes
	(Percentage distribution)					
Yes.....	49.2	82.1	60.9	47.4	28.8	25.9
No.....	45.5	16.3	27.1	47.0	63.3	67.2
Don't know.....	5.3	1.6	3.0	5.6	7.9	6.9

*Fortune* comments on these revealing figures: "So about half of the people in the country think they could live for six months the way they are now living if their present income were suddenly cut off. But naturally, as the economic breakdowns reveal, the people most likely to be affected by a postwar depression and consequent unemployment are the people who in large part lack funds to keep themselves going for a period of six months."

Table 12 shows a hypothetical dis-

<sup>14</sup> *Fortune*, August 1945, p. 257.

tribution of individual war savings accumulated by the end of 1945<sup>15</sup> among families grouped according to their 1942 income. The estimates have been made by taking into account the distribution of savings in 1942 (table 9) and the subsequent changes in the distribution of disposable income (table 11).

On the basis of this estimate of savings by income group, American households would be distributed by amount of war savings as follows:

Amount of war savings	Households	
	Number (in thousands)	Percentage distribution
All classes.....	42,000	100.0
No war savings.....	10,500	25.0
Less than \$500.....	3,150	7.5
500-999.....	3,150	7.5
1,000-1,999.....	5,250	12.5
2,000-2,999.....	4,200	10.0
3,000-3,999.....	3,780	9.0
4,000-4,999.....	3,570	8.5
5,000-7,499.....	5,250	12.5
7,500 or more.....	3,150	7.5

Source: Free-hand interpolation of the estimated distribution of savings by income classes.

With reservation for a considerable margin of error in computations of this type, it seems not unlikely that by the end of 1945 about 50 percent of all households had savings at least equal to their prewar annual earnings; 10 to 15 percent had saved an equivalent of 6 to 11 months of their prewar earnings; an equal proportion had the equivalent of 6 months' earnings; and 25 percent had no appreciable financial reserves.

Wartime saving will not transform

<sup>15</sup> As shown in table 8, net savings of individuals from 1939 through 1945 totaled \$163.3 billion. It is assumed that \$150 billion was held by individual households.

the United States into a Nation of capitalists nor will it eliminate poverty or iron out economic inequality. But savings have brought a new feeling of individual security to many households. In some cases the reserves may be dissipated by a long spell of unemployment or a serious sickness. For other households, war savings may become an important and lasting factor in determining their manner of life after the war.

### The Role of Savings After the War

The liquidity of savings after the war will naturally vary according to the form in which they are held. It may be anticipated that cash savings will be spent more freely than demand deposits; demand deposits will be more liquid than time deposits; war bonds may be cashed earlier than other securities; securities will be more liquid than equities in homes; and so on. It may be anticipated also that war savings held by persons in the lower income groups will be spent sooner than those held by the rich.

By the end of 1945, nearly \$50 billion was invested in U. S. savings bonds; increases during the war in the amount of currency in circulation (cash held) and in demand and time deposits represented \$20 billion and \$40 billion, respectively, in round numbers. With deposits in savings banks and government securities other than war bonds, the amount of individual savings which may be at any time converted into purchasing power may have totaled \$120 billion. Other savings (other securities, reduction of debts, purchase of insurance) are less liquid. Even the least liquid, however, may enable the holder to spend his current earnings more freely.

Inquiries conducted by various organizations indicate that most people, even those who had no reason for saving but the lack of opportunity for spending, gave thought to the purposes for which they might use their savings after the war and that their plans changed as time went on.

There are also indications that persons who invested a part of their war savings in war bonds and kept the rest in bank deposits or cash made particular plans for the different parts of their reserves. All inquiries point toward the conclusion that the bulk of

war savings will be expended with considerable forethought and prudence.

The timing of the maturity of war bonds will encourage holders to stretch their spending over a comparatively long period of time. People who did not cash war bonds during the war, when there was much pressure for buying them and relatively little for keeping them, will forget that they had paid \$75 for each \$100 bond and will feel that they are losing money unless they can cash a bond for its maturity value. This psychological inducement for waiting for the maturity of the bond may be much stronger than the accruing interest.

All in all, the stored-up purchasing power represented by war savings exceeds by far the deferred demand for durable goods. Overdue home repairs and purchase of cars, refrigerators, and radio sets will absorb only a small fraction of the war savings. The remaining reserves will give to holders a feeling of security and enable them to improve their standard of living.

At the same time, the reserves that business enterprises have accumulated will increase the stability of the whole economic system. The weak point of our economy in the 1920's was accumulation of debts. Consumers were indebted to retail dealers, retail dealers to manufacturers, manufacturers and farmers to banks. The whole Nation was in the red, and the first major shock brought down the house of cards of fictitious prosperity. In striking contrast, consumers now meet the postwar economy with debts largely paid up and with solid titles to a higher standard of living.

We do not know what part of war savings will return annually to circulation. Theoretically, the ratio may range between 0 and 100 percent, but extremes are highly improbable. If in each year one-fifth of the holders spend one-fifth of their war savings, \$5-6 billion will be injected into the flow of the economy, which is about as much as the economic system can absorb without serious trouble.

In fact, apart from transfer of title from one group of the population to another—from persons in middle income classes to banks, for example—the liquidation of war savings is bound to keep pace with the liquidation of the national debt, just as the

piling up of savings during the war kept pace with the growth of that debt. Completion of this operation in a couple of years or even a decade is not likely.

A more rapid liquidation of war savings would be a run-away inflation that would cut down the real purchasing power of the dollar and might result also in depreciation of stocks and economic losses like those of the early 1930's.

As long as the national economy runs on an even keel, only small amounts of savings can be added to current expenditures. The Nation as a whole will therefore be in the position of the fabulous hero with an unlimited amount of money who discovered how narrow were the limits of his capacity to spend. Unless war savings are dissipated in economic turmoil, they will act as a revolving and equalization fund for a considerable period of time.

Moreover, in planning for postwar prosperity one can rely as little on the liquidation of savings by individuals as on the excess of exports over imports, deficit spending by the Government, or a continuous rise on the stock exchange. Lasting prosperity can be ensured only by a sound relationship between the various factors in the flow of national income—production and consumption, wages and profits, technological progress and hours of work, current savings and investments, private and public expenditures, agricultural and industrial prices, exports and imports, and so forth.

### Menace of Inflation

An economic system based on individual initiative is exposed to the double danger of deflationary contraction and inflationary overexpansion. Inflation endangers employment not only by depreciating savings and real income but still more by stimulating expansion of certain branches of production to a point that cannot be maintained. Since such expansion is bound to end in a more or less violent contraction, it carries seeds of a deflation. Experience shows that economic losses during a depression depend largely on the extent of overexpansion in the preceding phase of the business cycle. There is therefore a danger that the postwar expansion kindled by accumulated war sav-

ings and business reserves will develop into a boom, as it did after World War I, with the same disastrous conclusion.

In fact, whatever may be the cyclical ups and downs after the war, financial reserves and savings piled up during the war will exercise influence in all phases of each cycle, stimulating expansion, retarding a downturn, cushioning contraction, and accelerating revival. In this way the cyclical fluctuations will be superimposed on the ascending slope of postwar economic growth.

This type of development has considerable advantages, but its weak point is that maladjustments in prices, wages, investments, distribution of productive forces, and the like, that are accumulated in the expansive phase of a cycle are not fully corrected by a mild set-back. Hidden inflation may progress, as in the 1920's, until the postwar expansive forces exhaust themselves and the overinflated economy collapses. This danger would be greatly increased by an overexpansion of bank credits that is invited by the accumulation of war savings. Indeed, protecting our economy against the immediate deflationary danger, war savings tend, at the same time, to increase the danger of a deflationary collapse after a period of inflationary expansion.

### Phases of the Postwar Economy

As was indicated at the beginning of this article, the road of reconversion goes downhill, from the war boom to peacetime full employment. Perhaps the main economic consequence of the war in the United States is that the slope of the trail has been turned: the goal which seemed to be almost inaccessible when it lay above the deep valley of depression appears nearer when we look down on it from the lofty peak of the war boom. It would be pernicious, however, to overestimate the advantages of the present situation. In economics—as in mountain climbing—the descent is often as dangerous as the ascent and requires as much care.

The immediate task of reconversion in terms of employment is summarized in table 13. The reconversion to full employment visualized in this projection does not presume that peacetime production must expand

Table 13.—High lights of the reconversion

Item	Number of persons (in millions)
<b>I. Manpower, August 1945<sup>1</sup></b>	
Total.....	66.5
In military service.....	12.2
Civilian labor force available, total.....	54.3
Unemployed.....	.8
Employed, total.....	53.5
Peacetime activities.....	42.9
Munitions and related industries.....	9.0
War agencies.....	1.9
<b>II. Assumed changes, August 1945–August 1946:</b>	
<b>A. Increase in civilian labor supply, total.....</b>	<b>20.0</b>
Cut-backs in munitions and related industries.....	9.0
Cut-backs in war agencies.....	1.5
Ex-servicemen returning to civilian occupation (net).....	9.0
Increase in labor force from population growth.....	.5
<b>B. Absorption of labor displaced by demobilization of industry and the armed forces, total.....</b>	<b>18.5</b>
Filling open vacancies.....	2.0
Openings due to curtailment of hours of work.....	2.5
Withdrawal of emergency workers.....	4.0
New peacetime jobs:	
In same establishment (without interruption of employment).....	3.0
Created through reconversion.....	7.0
<b>C. Unemployment:</b>	
Increase.....	1.5
Total at end of reconversion.....	2.3

<sup>1</sup> Based on figures of the War Manpower Commission.

<sup>2</sup> Including 800,000 out of work on VE-day.

sufficiently to provide jobs for all 20 million persons added to civilian labor supply. It is anticipated, rather, that the dwindling demand for manpower by munitions industries and the armed forces will be largely offset by withdrawals of emergency workers, vacancies which remained unfilled during the war, and new openings due to curtailment of hours of work. The number of withdrawals during the first year after Japan's surrender is estimated at 4 million (1.5 million young workers, 0.5 million service wives, 1 million other married women, and 1 million superannuated and handicapped persons). The number of openings due to curtailment of hours of work is set at 2.5 million and that of vacancies open, when fighting stopped, at 2 million. These factors would take care of 8.5 million displaced persons. An additional 10 million peacetime jobs must be made available in reconverted establishments or other industries if

unemployment is to remain merely frictional, in accordance with the concept of full employment.

Taking account of the level of employment in civilian-goods industries when the war was approaching its end, it seems that these industries may readily provide the desired number of jobs: about 4 million openings might be expected in manufacturing and mining, 2 to 3 million in building construction and related trades, 0.5 to 1 million in agriculture, as many in independent nonagricultural pursuits, and the remainder in trade, service industries, professions, and domestic services. The success of reconversion depends on the speed of reabsorption of laid-off war workers and returning veterans. Progress during the first 6 months after the surrender of Japan has been highly encouraging.

By the end of February 1946, 6 months after VJ-day, practically all munitions production was at an end and about 9 million civilian workers lost their wartime jobs. At the same time more than 6.5 million persons had been released from the armed forces. With allowance for the lag between separation of men from military service and their return to civilian work, 15–15.5 million persons joined the civilian labor supply. Since unemployment—including veterans claiming readjustment allowances—increased by only 2.5 millions, 12.5–13 million additions to the civilian labor force in those 6 months remain to be accounted for. Hardly more than 2.5 or 3 million emergency workers withdrew from the labor force, and some 10 million former war workers and servicemen found jobs in peacetime industries. This total includes about 3 million workers who shifted to peacetime work in the same establishments in which they had worked during the war, without interruption of employment, and 7 million persons who found new jobs after a short search. The distribution of these jobs is unknown; they may have included a million open vacancies, about a million jobs made available by the reduction of hours of work, and about 5 million jobs in expanding civilian production. This distribution, however, is merely illustrative. Of crucial importance is the fact that 6 months after VJ-day unemployment in the United States did not exceed

the theoretical minimum "float" of the labor force that corresponds, in this season of the year, to the concept of full employment. Many industries continued to work 45 hours a week, most of the emergency war workers remained in the labor market, and help was wanted in service industries as urgently as before, though expansion of peacetime production had been slowed down by labor disputes.

These conditions cast light on the perspectives of the next phase of reconversion, say from March 1 to August 31, 1946. In these months, about 5 million may be added to the civilian labor force, including 500,000 representing the normal addition to the labor force as a result of population growth and a backlog of some 1 or 1.5 million persons who had been released from the armed forces before March 1, 1946, but had not looked for work immediately.

Assuming that 1.5–2 million emergency workers withdraw from the labor market, an additional 3–3.5 million jobs will be required to keep unemployment from rising above the theoretical minimum of 2.5 million. On the other hand, apart from jobs now vacant and new jobs created by continued curtailment of hours of work, about 500,000 men will be demanded by agriculture, 2 million by expanding building construction, and as many by other industries, not to mention opportunities in independent pursuits, in trade, services, and professions.

In brief, it appears that the completion of reconversion will find the labor market tight, and it is not unlikely that a general shortage of labor will persist not only throughout 1946 but also 1947.

Despite the small volume of unemployment in the last quarter of 1945 and early months of 1946, this period probably will prove to be the demobilization set-back analogous to the short spell of contraction in the first half of 1919. It can hardly be called a "primary postwar depression" because the economic situation lacks the characteristics of a depression.

The second half of 1946 and 1947 would mark the beginning of postwar expansion. A set-back analogous to that in 1920–21 may appear in 1948 or 1949, when the first rush of post-



war buying is over, industry is provided with labor-saving devices, and the productivity of labor begins to rise more rapidly than consumer demand.

In the projections for 1945-50 (tables 5 and 6), economic difficulties in 1948 are marked by an interruption in the growth of the gross national product. The set-back would be much more serious if run-away inflation should develop in 1946-47. If that is avoided, a set-back in 1948 would be analogous to that in 1920-21, in that it would serve to liquidate certain maladjustments left by the war economy, but it would be less destructive and cause less unemployment.

The projections developed in this study suggest that the industrial expansion characteristic of postwar economy would probably be resumed after a brief spell of contraction. Its momentum will be determined by the

available reserves of productive forces and accumulated purchasing power. Such a trend does not preclude cyclical ups and downs. National policy will largely determine whether such fluctuations are kept within a narrow range or develop into a succession of violent booms and depressions.

The present projections are optimistic in the sense that they assume only a moderate advance in the expansive phase of the first postwar cycle. Under this assumption, a set-back that might occur at some time in the early 1950's would be comparatively mild, as in 1927 for example. The occurrence or timing of such a set-back is unpredictable, since developments will be determined by factors now nonexistent. In any event, if it occurred before, say, 1955, expansive forces generated by the war economy would not have been exhausted; housing construction al-

most certainly would be in full swing; the rebuilding and rezoning of cities will have gained momentum; probably only a small part of war savings would have been liquidated; the bulk of the war bonds would be reaching maturity, inviting holders to use their cash holdings for investment in durable goods. All these factors would accelerate revival. It seems more than probable that postwar expansion will last at least through another business cycle, probably to the end of the 1950's or to the beginning of the 1960's.

To sum up, the United States has a fair chance of winning the peace and enjoying a long spell of prosperity and full employment with only minor temporary set-backs if—and this is a big if—it keeps under control the inflationary forces that pave the way for deflationary collapse and major depressions.

## The Employment Act of 1946

By Anne Scitovszky\*

THE EMPLOYMENT ACT OF 1946—the final outcome of the various “full-employment” bills under consideration by Congress for more than a year—became law on February 20 (Public Law No. 304, 79th Cong.). In signing the act, the President declared: “In enacting this legislation the Congress and the President are responding to an overwhelming demand of the people. The legislation gives expression to a deep-seated desire for a conscious and positive attack upon the ever-recurring problems of mass unemployment and ruinous depression. . .

“Democratic government has the responsibility to use all its resources to create and maintain conditions under which free competitive enterprise can operate effectively—conditions under which there is an abundance of employment opportunity for those who are able, willing, and seeking to work.

“It is not the government's duty to supplant the efforts of private enterprise to find markets, or of individuals to find jobs. The people do expect the government, however, to create and

maintain conditions in which the individual businessman and the individual job seeker have a chance to succeed by their own efforts. That is the objective of the Employment Act of 1946. . .

“I am happy that the Senate adopted this legislation unanimously, the House of Representatives by a large majority. The result is not all I had hoped for, but I congratulate Members of both Houses and their leaders upon their constructive and fruitful efforts.

“The Employment Act of 1946 is not the end of the road, but rather the beginning. It is a commitment by the government to the people—a commitment to take any and all of the measures necessary for a healthy economy, one that provides opportunities for those able, willing, and seeking to work. . .”

### Provisions of the Act

The act begins with a “Declaration of Policy” (section 2), affirming that it is “the continuing policy and responsibility of the Federal Government . . . to coordinate and utilize all its plans, functions, and resources for the purpose of creating and main-

taining . . . conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.”

To carry out this policy, the President is directed (section 3) to transmit an “Economic Report” to the Congress at the beginning of each regular session starting with the year 1947. The report is to set forth (1) the levels of employment, production, and purchasing power obtaining in the United States and the levels necessary to carry out the declared policy; (2) current and foreseeable trends in the levels of employment, production, and purchasing power; (3) a review of the economic program of the Federal Government and of economic conditions affecting employment in the United States during the preceding year and of their effect on employment, production, and purchasing power; and (4) a program for carrying out the policy, together with such recommendations for legislation as the President may deem necessary.

A Council of Economic Advisers is created (section 4) within the Executive Office of the President. This Council is to be composed of three members appointed by the President

\*Bureau of Research and Statistics, Division of Finance and Economic Studies.

with the advice and consent of the Senate. Its functions are to assist and advise the President in the preparation of the Economic Report; to collect and analyze information concerning economic developments and economic trends for the purpose of determining whether these developments are interfering with the achievement of the policy of the Government, and to submit to the President studies relating to these developments and trends; to appraise the various programs and activities of the Federal Government for the purpose of determining the extent to which they are contributing to the achievement of the Government's policy; to develop and recommend to the President national economic policies to foster and promote free competitive enterprise, to avoid or diminish economic fluctuations, and to maintain a high level of employment, production, and purchasing power; and to prepare studies and recommendations concerning matters of Federal economic policy and legislation as the President may request. The Council is to make an annual report to the President in December of each year.

A Joint Committee on the Economic Report is established (section 5), to be composed of seven Members of the Senate and seven Members of the House of Representatives. The functions of this Committee are to make a continuing study of matters relating to the Economic Report; to study means of coordinating programs in order to further the policy of the act; and, as a guide to the several committees of the Congress dealing with legislation relating to the Economic Report, to file with the Senate and the House of Representatives by May 1 of every year a report containing the Committee's findings and recommendations with respect to each of the President's main recommendations in the Economic Report.

### *Development of the Legislation*

The present act is the result of more than a year's deliberation by Congress to formulate a national policy on employment opportunities. Its origins go back to August 1944, when James Patton, President of the National Farmers Union, submitted to the War Contracts Subcommittee of the Senate Committee on Military Affairs a

proposal designed to have the Government guarantee a \$40 billion level of capital investment every year. The Chairman of the Subcommittee had this proposal printed in the form of an amendment to the pending war mobilization and reconversion legislation,<sup>1</sup> but made it clear that he did not intend to call for action upon it at that time. Copies of the proposal were sent to various executive agencies and departments for comment, and the letters received in reply expressed considerable sympathy with the objectives of the measure. Some of its specific proposals were criticized, however, particularly the \$40 billion figure for capital investment. The Subcommittee staff, instructed to draft a new measure which would meet most of the objections which had been raised, thereupon prepared an entirely new bill entitled the Full Employment Act of 1945 which was issued as a Subcommittee print on December 22, 1944.

In his message to Congress on January 6, 1945, President Roosevelt called, among other measures, for a national program to assure full employment, declaring that, of the rights set forth in the economic bill of rights in his last message on the state of the Union, the "right to a useful and remunerative job in the industries or shops or farms or mines of the Nation" was the most fundamental and one on which the fulfillment of the others depended to a large extent. "The Federal Government must see to it" the President said, "that these rights become realities—with the help of States, municipalities, business, labor, and agriculture . . .

"After the war we must maintain full employment with Government performing its peacetime functions. This means that we must achieve a level of demand and purchasing power by private consumers—farmers, businessmen, workers, professional men, housewives—which is sufficiently high to replace wartime Government demands; and it means also that we must greatly increase our export trade above the prewar levels.

"Our policy is, of course, to rely as

much as possible on private enterprise to provide jobs. But the American people will not accept mass unemployment or mere makeshift work. There will be need for the work of everyone willing and able to work—and that means close to 60 million jobs."

A few weeks later, on January 22, 1945, Senator Murray (for himself, Senator Wagner, Senator Thomas of Utah, and Senator O'Mahoney) introduced S. 380, "A bill to establish a national policy and program for assuring continuing full employment in a free competitive economy through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Government." This bill was a considerably revised version of the one prepared by the staff of the War Contracts Subcommittee. A practically identical House bill—H. R. 2202—was introduced on February 15.

In its Declaration of Policy, S. 380 took over substantially the "fundamental premise" of the Subcommittee bill—that every American has "the right to" a job. The declaration stated that "it is the policy of the United States to foster free competitive enterprise and the investment of private capital in trade and commerce and in the development of the natural resources of the United States"; and that "all Americans able to work and seeking work have the right to useful, remunerative, regular, and full-time employment, and it is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans . . . freely to exercise this right." To achieve these goals, the bill declared it to be "the responsibility of the Federal Government to pursue such consistent and openly arrived at economic policies and programs as will stimulate and encourage the highest feasible levels of employment opportunities through private and other non-Federal investment and expenditure," and, to the extent that such measures are insufficient, "to provide such volume of Federal investment and expenditure as may be needed to assure continuing full employment."

The President was directed to transmit to Congress at the beginning of each regular session a Na-

<sup>1</sup> War Mobilization and Reconversion Act of 1944, enacted October 3 (Public, No. 468, 78th Cong.). For a summary of that act and its legislative history, see the *Bulletin*, October 1944, pp. 10-15.

tional Production and Employment Budget. This National Budget was to include estimates for the ensuing fiscal year of the size of the labor force; of the so-called "full-employment volume of production," that is, the aggregate volume of investment and expenditure "required to produce such volume of the gross national product, at the expected level of prices, as will be necessary to provide employment opportunities for such labor force"; and of the aggregate volume of prospective investment and expenditure. If the estimated volume of prospective investment and expenditure fell short of the full-employment volume of production, the President was to include in the National Budget a general program for encouraging increased non-Federal investment and expenditure to reduce this deficiency to the greatest possible extent. If the increased non-Federal investment and expenditure expected to result from this program should still be insufficient to assure a full-employment volume of production, he was to transmit in addition a general program for Federal investment and expenditure which would bring the aggregate volume of private and Government investment and expenditure up to the necessary level. Conversely, if the estimated volume of prospective investment and expenditure exceeded the full employment volume of production, the President was required to include in the National Budget a general program for preventing "inflationary economic dislocations."

The National Budget was to be prepared in the Executive Office of the President under the direction of the President and in consultation with the Cabinet members and other heads of departments and establishments. The President was also authorized to establish advisory boards composed of representatives of industry, agriculture, labor, and State and local governments to help in devising methods of achieving the objectives of the act.

The bill also provided for the establishment of a Joint Committee on the National Budget, to be composed of the Chairmen and ranking minority Members of the Senate Committees on Appropriations, Banking and Currency, Education and Labor, and Finance, and seven additional Members of the Senate; and the Chairmen and

ranking minority members of the House Committees on Appropriations, Banking and Currency, Labor, and Ways and Means, and seven additional Members of the House. The functions of this Committee were to study the National Budget transmitted to Congress by the President and to report to the Senate and House its findings and recommendations on the National Budget, together with a joint resolution setting forth a general policy on the Budget.

Other sections of the bill authorized the President to vary the rate of investment and expenditure to whatever extent he might deem necessary to assure continuing full employment; required the heads of departments and establishments to furnish congressional committees with whatever information on the National Budget they might request; and stated that nothing contained in the bill should be construed as calling for or authorizing the operation of productive facilities by the Federal Government, the use of compulsory measures in determining the allocation of manpower, any changes in existing procedures on appropriations, or "the carrying out of, or any appropriation for, any program set forth in the National Budget, unless such program shall have been authorized by provisions of law other than this act."

S. 380 was referred to the Senate Committee on Banking and Currency, which appointed a Full Employment Subcommittee to study its provisions and make recommendations. During July and August, extensive hearings were held on the bill, and after considerable deliberation by the Subcommittee and the full Committee the bill, containing an amendment in the form of a substitute, was reported in the Senate on September 22, 1945. The report accompanying the bill (S. Rept. 583) pointed out, however, that despite the changes, the revised version represented no changes in the basic principles of S. 380. The principal differences between the two versions lay in a rewording of the passage dealing with the "right" to employment, a considerable expansion of the declaration of policy, and a simplification of the section on the National Employment and Production Budget. Various minor sections were deleted.

The bill as reported to the full Committee by the Subcommittee declared that "all Americans able to work and desiring to work have the right to an opportunity for useful, remunerative, regular, and full-time employment." In the full Committee the words "have the right" were changed to "are entitled." No change, however, was made in the section immediately following this statement, which still began with the words, "In order to assure the free exercise of the right to an opportunity for employment set forth above. . ."

The full scope of the Federal Government's full-employment program was spelled out in more detail. As the report accompanying the bill (S. Rept. 583) pointed out, the revised version explicitly emphasized "the fact, implicit in the original bill, that the Federal Government shall have a consistent and carefully planned economic program." The list of the various fields that might be included in this program was expanded. Among other things, explicit recognition was given to the role of State and local governments; it was made clear that Federal investment and expenditure could include not only public works but also outlays "for public services, for assistance to business, agriculture, home owners, veterans, or consumers"; and a paragraph was added to the effect that the Government's economic policy shall "provide for an income for the aged sufficient to enable them to maintain a decent and healthful standard of living, and promote the retirement from the labor force of the older citizens." Another amendment asserted that the United States would carry out its full-employment program "in such a manner as will contribute to an expanding exchange of goods and services among nations and without resort to measures and programs that would contribute to economic warfare among nations."

The description of the National Production and Employment Budget contained in the original bill was simplified somewhat. The contents of the Budget, however, remained substantially unchanged, except that the reference to a "deficiency" was eliminated. At the request of farm groups, a provision was added specifying that the National Budget should



also include the amount of the national income and its distribution among agriculture, industry, labor, and other groups.

In addition, various other minor changes were made. Consultation of the President with industry, agriculture, labor, and other groups was made mandatory, references to the various Senate and House committees to be represented on the Joint Committee on the National Budget were deleted, and sections dealing with the rate of Federal investment and the duties of heads of departments to furnish congressional committees with data on the National Budget were omitted.

The members of the Committee differed considerably over the provisions contained in the revised version of the bill, the report indicated, and various other changes proposed in committee had been rejected. The main controversies arose over the "right" to an opportunity for employment and the Federal Government's responsibility to "assure" continuing full employment, the contents of the National Budget, and the policy on Federal investment and expenditure.

Several amendments were offered to delete the concept of "right" to employment opportunity. Others were suggested which would have deleted or qualified the Federal Government's responsibility to assure continuing full employment. One of these, for example, proposed that the Government should, consistent with its needs, obligations, and other activities, encourage action that would help achieve the objective of full employment. It was rejected by the Committee because "such an amendment would provide merely a weak and pious hope that full employment be attained. It would cripple the commitment contained in the bill."

An amendment was also proposed to delete from the section on the National Budget the references to the submission of economic goals and to require only a report on the extent of current unemployment, instead of the appraisal of current and prospective trends. The Committee rejected this amendment also, on the grounds that it "runs counter to the advice of responsible business leaders and Government officials" and would "seriously weaken the bill."

Of the several amendments proposed to modify the section dealing with Federal investment and expenditure, one proposed that the section be replaced by a provision for the mere acceleration of public works when private employment declined. The Committee insisted on retaining the original provision, however, on the grounds that the bill, by providing for Federal expenditure as well as for public works, was "broad enough to meet any conceivable emergency" and showed that the Government really "means business." The provision for Federal investment and expenditure contained in the bill, the Committee emphasized, "provides the basis for confidence in sustained markets and will make it possible to achieve full employment with a minimum of Federal investment and expenditure. If it is stricken, the costs to the Government will be incalculably greater."

Another proposed amendment would have eliminated the entire section of the bill dealing with the Government's policy to assure full employment and would have substituted instead a long list of specific policies in many different fields of action. To this the Committee objected on the grounds that "it would bog the bill down in endless controversy as to the merits of the specific policies enunciated in the specific fields" and would "tend to frustrate the basic purposes of the bill by writing specific programs into a measure which is designed to establish a general policy and procedure for the subsequent development of specific programs in tune with changing needs and changing conditions."

Yet another amendment would have restrained the Federal Government from engaging in activities competing with private enterprise. The Committee held that this amendment was "exceedingly dangerous, since the line of demarcation between the sphere of private enterprise and the legitimate sphere of public enterprise cannot be drawn without reference to specific situations."

It was also proposed that the Federal Government's program of investment and expenditure be accompanied by a program of taxation which would prevent any net increase in the public debt over a 6 or 10-year period. The Committee rejected this

amendment because it believed that, by thus "tying the hands of the Government," it would defeat its own purpose. The Committee "refused to accept the idea that a balanced Federal Budget in any specific period is more important than a balanced economy."

In a minority report issued on September 24, 1945, the dissenting members of the Committee reaffirmed their objections, particularly those directed against the policy on Federal investment and expenditure proposed in the bill, and recommended the adoption of two amendments incorporating some of the rejected points. The first provided that, to further the objective of full employment, "the Federal Government shall, consistent with its needs, obligations, and other essential considerations of national policy, proceed with a comprehensive program of public works and other expenditures so planned that they can be speeded up and enlarged when other employment decreases and retarded when full employment is otherwise provided." The second provided that the Government's economic program be accompanied by "a program of taxation designed and calculated to prevent any net increase in the national debt (other than debt incurred for self-liquidating projects and other reimbursable expenditures) over a period comprising the year in question and the ensuing 9 years, without interfering with the goal of full employment."

The Senate debate centered around these points, and both amendments were finally accepted in a somewhat modified form. Of the first, only the so-called "consistent clause" was adopted, while the passage immediately following, dealing with Federal investment and expenditure, was left as it stood in the Committee version of the bill. The other amendment, calling for a tax program to accompany the Government's economic policy, was adopted virtually unchanged, except that the Budget was to be balanced over a "reasonable number of years" instead of a 10-year period. With these amendments and a number of other relatively minor changes, the bill passed the Senate on September 28, 1945, by a vote of 71 to 10, with 15 not voting.



### House Debate

While the bill was being debated in the Senate, the House Committee on Expenditures in the Executive Departments, on September 25, 1945, began hearings on H. R. 2202 and on H. R. 4181, a slightly different version of the original Senate full-employment bill introduced in the House on that day. When the Senate bill had been passed and referred to the House Committee on October 1, 1945, it was added to the two bills on which hearings were then being held. At the conclusion of the hearings in November, a subcommittee was appointed to consider all three bills and instructed to prepare a substitute. The substitute subcommittee bill, somewhat amended by the full Committee, was reported in the House on December 5, 1945.

The House substitute was called the Employment-Production Act of 1945, "An act to declare a continuing national policy and program to promote high levels of employment, production, and purchasing power in a free competitive economy." Its Declaration of Policy and provisions for an Economic Report differed substantially from the corresponding provisions of the earlier versions of the full-employment bill. The House substitute declared it to be the continuing policy of the United States to attain and maintain a high level of employment, production, and purchasing power by creating the maximum opportunity for employment. This goal was to be achieved by preserving and encouraging free competitive enterprise and promoting the investment of private capital; by fostering economic conditions favorable to stimulating new business, especially small business; by encouraging individual initiative; by avoiding competition of Government with private enterprise; and by adopting sound fiscal policies and maintaining the credit of the United States.

A second continuing policy of the United States was to make provision for diminishing fluctuations in the economy and for preventing their causes. Furthermore, the bill declared, the United States would stimulate private enterprise in periods when widespread unemployment existed or threatened, "so as to stimu-

late and promote employment (including self-employment), production, and purchasing power in a free competitive economy, thereby aiding and assisting employables . . . in such periods to secure employment, and to aid in removing or preventing inflationary or deflationary conditions in periods in which such conditions exist or threaten." To achieve these aims, the Federal Government was to encourage State and local governments to plan sound public works programs, which could be accelerated when unemployment existed or threatened and curtailed during inflationary periods; to plan loans consistent with sound fiscal policy, for use in times of widespread unemployment; and to plan public works consistent with sound fiscal policy that could be accelerated and reduced as economic conditions might require.

The bill required the President to submit to Congress, at the beginning of each session, a report on economic conditions affecting employment, the extent to which the policies of the bill were or were not being achieved, and the extent to which the various programs of the Federal Government were or were not contributing to the achievement of such policies. If employment, production, and purchasing power were not being maintained, or if widespread unemployment existed or threatened, the President was to include in his report an analysis of the causes of unemployment, a statement of the extent to which existing legislation might be used to improve the situation, and recommendations for further legislation. Such recommendations could include proposals for outlays in addition to loans and public works and had to include recommendations for financing the proposed legislation. If, on the other hand, inflationary tendencies or conditions prevailed, the report was to include a statement on their causes, a statement on the extent to which existing legislation could alleviate them, and recommendations for further necessary legislation.

The bill created in the Executive Office of the President a Council of Economic Advisers appointed by the President; the duties of the three members were to be substantially those outlined in the act as it became law. The bill also established a

Joint Committee on the Economic Report similar to that provided by the Senate bill.

In the report accompanying the bill (H. Rept. 1334), the Committee stated its reasons for rejecting the previous House and Senate bills and for reporting the substitute. The Committee's objection was primarily that the other bills declared it to be the "responsibility" of the Federal Government to assure "full" employment, which would represent a committal to Federal expenditures. Under Federal "responsibility," the Committee held, employment through private enterprise would become perfunctory, and the Government would be committed to continued deficit spending. It asserted that, "unless the slogan 'full employment' is deceptive . . . 'full employment' never has been and never will be maintained under our system of free competitive enterprise except in wartime under huge deficits."

The Committee report also contained the dissenting views of four members who objected to the substitute bill because it was "not a bill designed to create a single job"; because "at its best, the bill can only be construed as a planning measure, a new version of the discarded National Resources Planning Board"; because the President already has all the authorities the bill provided; because the Economic Council would duplicate existing services at the disposal of the President; and because agencies already in existence could do all the planning necessary for the spending of Federal funds.

Four other members of the Committee declared that they had voted to report the substitute bill to the House with reservations. They expressed their belief that "the obligation of the Federal Government to defeat disintegration within our Nation is as positive and inescapable as its obligation to defeat aggression from without," and their objection to the bill was that it failed "to give to the obligations of the Government adequate recognition and expression."

The substitute bill was discussed in the House on December 13 and 14 and passed without amendments by a vote of 255 to 126, after an amendment proposing the substitution of H. F.

(Continued on page 56)

## Employment Security

### Unemployment Claims and Benefits

#### State Programs

The seasonal upswing in benefit operations was more pronounced this January than formerly. Nation-wide totals for benefits, beneficiaries, and each type of claim rose to their highest levels since the cessation of hostilities. Continued claims rose by 1,690,000 to a new all-time high of 8,254,000, nearly 1 million more than the previous high in July 1940; initial claims rose by 495,000 to 1,234,000; and the average weekly number of beneficiaries increased by 319,000 to 1,638,000.

Part of the general rise in claims was due to seasonal reductions in food-processing, lumbering, and retail-trade establishments. In many States, claimants who had been expected to file claims during the Christmas holidays did not file until the first week in January. Persons displaced by returning servicemen continued to make up a large proportion of the claimants. Because of the 18 to 20 weeks which had elapsed since reconversion lay-offs began, practically every State reported significant increases in the number of persons exhausting benefits.

The effect of industrial disputes on claims loads was twofold. Claims were filed not only by persons actually involved in disputes but also by workers laid off because their employers were unable to obtain necessary materials from plants directly involved in the dispute. Since the unemployment insurance laws of 5 States—Louisiana, New York, Pennsylvania, Rhode Island, and Tennessee—provide that workers involved in industrial disputes may become eligible for benefits after a disqualification period ranging up to 8 weeks, the volume of all types of claims in these States, and particularly in New York and Pennsylvania, was materially affected by the disputes. In most of the other 46 States, strikers filed claims during a dispute even though they were not eligible for benefits.

The number of initial claims rose in every State but Maine, Oregon, and South Dakota. The decreases in

Maine and South Dakota were less than 50, and the decline in Oregon was partly administrative in character. Continued claims increased in every State except Michigan and South Dakota. California and New York each reported more than a million.

Reversing the upward trend of the past 5 months, only 24 percent of the initial claims—as against 30 percent in December—were filed by persons entering a second or subsequent spell of unemployment during their benefit year. In Indiana, Michigan, and New York—States with a significant claims volume—such additional claims (signifying a second spell of unemployment) comprised 37, 35, and 43 percent, respectively, of all initial claims filed, while in Alabama, Arkansas, and Virginia, the corresponding proportions were 10, 6, and 8 percent.

Benefits paid for all types of unemployment (covering 7.1 million weeks) totaled \$134 million, \$27 million more than in December and \$127 million more than in January 1945.

The estimated average weekly number of beneficiaries rose during the month from 1,319,000 to 1,638,000, while 7.2 percent of the average monthly number of covered workers filed unemployment insurance claims during the week ended January 12, as compared with 6.2 percent in December.

In the 42 States for which data are available, women filed less than one-

third of all initial claims but almost half the compensable claims received. Relatively more women than men remained unemployed long enough for their claims to reach the compensable stage, especially in areas where women recently released by firms terminating war contracts do not possess skills to fit requirements of the existing job vacancies.

**Region I.**—All the New England States reported increases in continued claims during January. Although the ratio of claimants to covered workers in all the States but Rhode Island was below the national average, all but Connecticut reported higher ratios than in the preceding month.

In Connecticut, initial claims rose to 20,600 chiefly because of industrial disputes, lay-offs from retail stores after the Christmas season, and the suspension of construction projects because of winter weather. Slight declines, on the other hand, were reported in average weekly number of beneficiaries and in amount of benefits paid.

In Maine, initial claims remained at approximately the December level, but continued claims increased to 44,000.

New unemployment in Massachusetts rose sharply, sending initial claims to 36,100 from 22,800 in December, while continued claims rose to 230,000. Displacement of workers by returning servicemen continued to contribute to the initial-claims load, while labor difficulties accounted for the increase in claims in the Pittsfield area.

Table 1.—Summary of unemployment insurance operations, January 1946

Item	Number or amount	Amount of change from—	
		December 1945	January 1945
Initial claims.....	1 1,234,000	+495,000	+1,080,000
New.....			
Additional.....			
Continued claims.....	8,254,000	+1,690,000	+7,661,000
Waiting-period.....			
Compensable.....			
Weeks compensated.....	2 7,100,000	+1,384,000	+6,646,000
First payments <sup>3</sup> .....	331,673	+76,964	+292,727
Exhaustions <sup>4</sup> .....	124,141	+67,631	+17,350
Weekly average beneficiaries.....	2 1,638,000	+319,000	+1,533,000
Benefits paid <sup>5</sup> .....	\$2134,000,000	+\$27,000,000	+\$127,000,000
Benefits paid since first payable <sup>6</sup> .....	\$2,735,692,989		
Funds available as of Jan. 31 <sup>6</sup> .....	\$6,878,982,114	-\$35,026,702	+\$682,335,059

<sup>1</sup> Includes estimated data for Idaho and Ohio.

<sup>2</sup> Includes estimated data for California, District of Columbia, Idaho, Maine, Michigan, Minnesota, Montana, Nebraska, Ohio, and Wyoming.

<sup>3</sup> Excludes California, District of Columbia, Idaho, Maine, Michigan, Minnesota, Montana, Ohio, and Wyoming for first payments and exhaustions; also first payments for Nebraska.

<sup>4</sup> Gross: Not adjusted for voided benefit checks and transfers under interstate combined wage plan.

<sup>5</sup> Net: Adjusted for voided benefit checks and transfers under interstate combined wage plan.

<sup>6</sup> Includes California and Maine as of Dec. 31, 1945.

Region II-III.—All four States reported new postwar highs in continued claims and, except for New Jersey, in initial claims.

New York's continued claims passed the million mark, while initial claims

rose to 155,700. The increase in claims was attributed to continued claims filed by strikers after an 8-week disqualification period ending in January in Lockport, Buffalo, and Troy; initial claims filed as workers

in various parts of the State were laid off because of material shortages indirectly due to labor disputes; institution of an alternate workweek by some firms in Rochester; seasonal lay-offs in retail trade; continuance of cut-

Table 2.—Initial claims received in local offices, by State, January 1946

[Corrected to Feb. 18, 1946]

Social Security Board region and State	Total <sup>1</sup>				New	
	All claimants	Amount of change from—		Women claimants	Inter-state as per cent of total	All claimants
		December 1945	January 1946			
Total <sup>2</sup>	1,234,000	+495,000	+1,080,000			
Region I:						
Conn.	20,612	+5,312	+17,484	8,579	2.8	12,658
Maine	4,885	-21	+3,567	1,630	4.9	3,880
Mass.	36,118	+13,351	+29,458	14,239	4.1	25,855
N. H.	2,344	+1,157	+1,973	708	18.6	1,957
R. I.	10,697	+1,398	+8,894	( <sup>3</sup> )	( <sup>3</sup> )	9,113
Vt.	1,241	+580	+1,149	395	17.2	1,075
Region II-III:						
Del.	2,805	+969	+2,510	898	14.8	2,187
N. J.	71,822	+25,526	+63,743	23,661	2.5	57,850
N. Y.	155,719	+44,973	+131,911	( <sup>3</sup> )	3.3	88,572
Pa.	227,083	+178,357	+223,024	37,188	1.9	199,984
Region IV:						
D. C.	1,549	+680	+933	279	21.0	1,455
Md.	14,574	+7,328	+13,880	4,285	3.9	14,574
N. C.	6,828	+2,522	+4,849	3,393	17.7	5,471
Va.	6,113	+2,372	+5,707	2,054	19.2	5,601
W. Va.	15,640	+8,594	+13,949	4,472	16.0	13,827
Region V:						
Ky.	13,631	+5,700	+12,167	4,386	34.4	11,575
Mich.	65,649	+20,770	+50,990	20,704	3.7	42,360
Ohio <sup>4</sup>						
Region VI:						
Ill.	67,171	+20,943	+48,288	25,744	6.4	47,457
Ind.	43,500	+14,076	+35,220	13,787	2.8	27,380
Wis.	9,299	+1,681	+8,208	3,326	5.8	9,299
Region VII:						
Ala.	18,960	+7,293	+17,884	3,888	10.1	17,145
Fla.	9,360	+1,464	+7,117	3,391	42.1	8,294
Ga.	9,366	+3,090	+7,284	3,330	10.9	7,368
Miss.	5,284	+1,765	+4,614	1,340	41.8	4,924
S. C.	3,478	+1,494	+2,549	( <sup>3</sup> )	26.7	3,065
Tenn.	14,333	+4,556	+11,040	4,919	16.0	12,299
Region VIII:						
Iowa	8,345	+2,885	+7,173	3,283	13.8	7,317
Minn.	14,231	+4,136	+12,551	4,925	( <sup>3</sup> )	12,485
Nebr.	3,835	+1,631	+3,560	1,548	( <sup>3</sup> )	3,146
N. Dak.	1,182	+507	+1,082	351	38.5	1,149
S. Dak.	459	-41	+288	245	15.9	418
Region IX:						
Ark.	10,432	+2,766	+9,923	( <sup>3</sup> )	( <sup>3</sup> )	9,766
Kans.	9,479	+2,527	+8,903	3,721	( <sup>3</sup> )	7,430
Mo.	47,508	+23,132	+45,242	( <sup>3</sup> )	11.7	35,947
Okla.	12,824	+4,247	+12,280	4,370	28.6	10,785
Region X:						
La.	15,582	+6,294	+14,504	3,798	12.1	13,715
N. Mex.	1,231	+610	+1,159	262	63.7	1,203
Tex.	24,749	+9,287	+22,685	7,299	14.5	24,749
Region XI:						
Colo.	4,092	+1,946	+3,918	982	30.0	3,808
Idaho <sup>5</sup>						
Mont.	2,768	+467	+2,562	811	29.7	2,569
Utah	6,089	+3,673	+5,808	( <sup>3</sup> )	9.8	5,702
Wyo.	672	+382	+651	( <sup>3</sup> )	34.7	650
Region XII:						
Ariz.	3,993	+1,341	+3,699	1,573	39.5	3,452
Calif.	135,258	+43,147	+109,581	59,735	7.2	97,020
Nev.	1,106	+504	+1,020	396	82.7	1,059
Oreg.	23,224	+10,748	+21,958	7,736	7.0	22,000
Wash.	28,066	+3,788	+25,793	8,491	9.3	20,012
Territories:						
Alaska	471	+178	+331	113	5.3	376
Hawaii	94	+71	+10	3	( <sup>3</sup> )	91

<sup>1</sup> Includes additional claims except in Maryland, Ohio, Texas, and Wisconsin, which have no provision for filing such claims.

<sup>2</sup> Includes estimates for Idaho and Ohio.

<sup>3</sup> Data not available.

<sup>4</sup> Since Wisconsin has no provision for a benefit year, a new claim is the first claim filed by a worker with respect to each period of total or part-total unemployment.

Table 3.—Continued claims received in local offices, by State, January 1946

[Corrected to Feb. 18, 1946]

Social Security Board region and State	Total <sup>1</sup>				Compensable	
	All claimants	Amount of change from—		Women claimants	Inter-state as per cent of total	All claimants
		December 1945	January 1946			
Total <sup>2</sup>	8,254,000	+1,690,000	+7,661,000			
Region I:						
Conn.	105,330	+11,927	+95,381	49,248	4.3	97,763
Maine	43,690	+13,539	+35,463	16,871	5.7	40,615
Mass.	229,866	+37,948	+207,789	112,473	5.1	210,571
N. H.	8,259	+2,630	+6,703	3,575	31.3	7,093
R. I.	84,601	+867	+78,082	( <sup>3</sup> )	6.4	78,761
Vt.	9,331	+1,003	+8,545	5,417	20.2	8,294
Region II-III:						
Del.	20,392	+5,127	+19,336	8,632	20.1	19,146
N. J.	645,379	+135,189	+615,105	306,161	1.9	601,580
N. Y.	1,092,705	+308,028	+1,006,542	( <sup>3</sup> )	3.5	963,402
Pa.	578,600	+70,787	+555,215	251,208	7.5	535,943
Region IV:						
D. C.	7,616	+3,822	+4,444	1,540	18.8	6,725
Md.	122,356	+21,732	+117,813	53,882	1.8	122,356
N. C.	39,834	+1,247	+34,488	23,476	25.7	35,667
Va.	40,503	+9,750	+35,363	16,772	24.3	38,059
W. Va.	90,996	+29,085	+85,125	35,016	26.4	87,221
Region V:						
Ky.	138,544	+41,417	+129,643	60,658	50.0	135,669
Mich.	553,576	+17,970	+480,936	241,459	2.7	532,676
Ohio <sup>4</sup>						
Region VI:						
Ill.	578,413	+129,612	+523,089	290,919	5.6	554,613
Ind.	221,273	+28,771	+206,830	96,826	4.5	203,229
Wis.	93,786	+25,031	+87,351	38,791	5.9	79,965
Region VII:						
Ala.	155,663	+24,836	+149,584	46,807	11.7	142,234
Fla.	65,184	+16,676	+49,925	23,929	40.4	59,299
Ga.	91,159	+4,397	+86,689	37,339	10.0	81,390
Miss.	35,625	+7,707	+32,630	8,909	54.0	32,500
S. C.	20,082	+3,385	+16,395	( <sup>3</sup> )	42.3	18,259
Tenn.	141,167	+26,692	+121,816	60,394	23.4	132,572
Region VIII:						
Iowa	52,497	+7,038	+49,042	29,138	20.3	45,565
Minn.	66,672	+2,321	+59,701	25,180	19.7	57,841
Nebr.	18,587	+7,335	+17,715	9,148	18.1	14,821
N. Dak.	5,537	+2,586	+5,222	1,793	62.9	5,224
S. Dak.	1,546	-1,143	+998	896	13.0	1,264
Region IX:						
Ark.	81,153	+14,436	+78,490	( <sup>3</sup> )	65.5	77,728
Kans.	84,785	+8,953	+81,437	46,112	( <sup>3</sup> )	80,209
Mo.	252,939	+32,870	+242,585	( <sup>3</sup> )	21.3	223,851
Okla.	85,730	+21,455	+82,849	40,369	43.7	80,486
Region X:						
La.	131,237	+29,874	+125,643	36,912	9.3	122,995
N. Mex.	5,552	+2,481	+5,291	1,316	82.2	5,384
Tex.	170,946	+43,212	+160,215	62,243	15.7	155,087
Region XI:						
Colo.	13,909	+5,182	+13,228	5,554	47.6	11,780
Idaho <sup>5</sup>						
Mont.	17,207	+7,106	+16,165	4,926	41.9	14,185
Utah	20,080	+10,053	+18,821	( <sup>3</sup> )	12.5	17,163
Wyo.	2,037	+1,110	+1,988	( <sup>3</sup> )	50.9	1,640
Region XII:						
Ariz.	20,383	+3,994	+19,188	8,643	46.1	18,978
Calif.	1,012,338	+191,460	+911,452	492,023	4.6	944,406
Nev.	4,246	+1,289	+3,963	1,391	54.7	3,974
Oreg.	142,514	+43,005	+139,596	44,394	8.9	127,359
Wash.	218,897	+60,099	+213,944	73,923	6.1	202,596
Territories:						
Alaska	1,668	+947	+1,314	312	8.4	1,275
Hawaii	111	+57	+17	10	0	71

<sup>1</sup> Includes waiting-period claims except in Maryland, which has no provision for filing such claims.

<sup>2</sup> Includes estimates for Idaho and Ohio.

<sup>3</sup> Data not available.



backs in war industries; and displacement of persons by returning veterans, particularly in the Syracuse area.

About one-fourth of New Jersey's 71,800 initial claims were filed by returning veterans against wage credits earned before entering the service. The 25,500 increase in initial claims

was due principally to work stoppages in electrical-goods and steel industries and displacement of persons by returning servicemen; the latter accounted for 40 percent of the increase in the number of new claims. The percentage of covered workers who filed claims rose from 11.2 to 13.6,

nearly double the Nation-wide ratio. The average weekly number of beneficiaries reached a new high of 137,800, about 21,000 above the previous high in November 1945, while first benefit checks went to 30,000 persons as compared with 21,900 in the preceding month. Claimants exhausting

Table 4.—Number of beneficiaries, number of weeks compensated, and average weekly payment for total unemployment, by State, January 1946

[Corrected to Feb. 18, 1946]

Social Security Board region and State	Beneficiaries			Weeks compensated for unemployment			Benefits paid <sup>1</sup>			Average weekly payment for total unemploy- ment
	Average weekly number	Amount of change from—		All types	Total	Other <sup>1</sup>	Amount	Amount of change from—		
		December 1945	January 1945					December 1945	January 1945	
Total <sup>2</sup>	1,638,000	+319,000	+1,533,000	7,100,000			\$134,000,000	+\$27,000,000	+\$127,000,000	\$18.78
Region I:										
Connecticut.....	33,736	-648	+31,880	146,191	144,014	2,177	3,121,276	-24,585	+2,971,438	21.47
Maine.....	(9)	(9)	(9)	(9)	(9)	(9)	470,417	+74,502	+395,345	(9)
Massachusetts.....	45,455	+9,910	+41,340	196,973	186,575	10,398	3,736,792	+790,232	+3,460,819	19.59
New Hampshire.....	1,065	+134	+776	4,617	4,251	366	60,931	+8,906	+47,501	13.65
Rhode Island.....	18,326	-449	+16,933	79,413	75,296	4,117	1,351,475	-50,395	+1,257,460	17.47
Vermont.....	1,508	+297	+1,365	6,533	6,292	241	110,338	+22,383	+102,695	17.17
Region II-III:										
Delaware.....	4,027	+1,128	+3,805	17,452	17,224	228	287,757	+79,874	+275,961	16.57
New Jersey.....	137,828	+35,055	+131,825	597,253	583,184	14,069	12,161,121	+3,097,711	+11,751,995	20.59
New York.....	221,033	+59,885	+205,548	957,807	925,495	32,312	19,390,283	+5,821,619	+18,297,077	20.57
Pennsylvania.....	119,339	+27,312	+114,175	517,133	517,133	(9)	9,359,215	+2,161,222	+9,001,252	18.10
Region IV:										
District of Columbia <sup>4</sup> .....										
Maryland.....	35,982	+7,049	+34,883	115,923	150,802	5,121	2,952,847	+581,959	+2,875,942	19.24
North Carolina.....	6,714	-573	+6,029	29,092	28,092	1,000	374,589	-44,181	+347,043	12.99
Virginia.....	7,493	+1,769	+7,082	32,470	31,362	1,108	432,612	+102,186	+412,758	13.50
West Virginia.....	13,288	+3,915	+12,378	57,581	50,122	7,459	915,923	+265,279	+861,505	16.22
Region V:										
Kentucky.....	12,031	+1,684	+10,595	52,133	51,525	608	662,268	+95,506	+595,037	12.77
Michigan <sup>4</sup> .....										
Ohio <sup>4</sup> .....										
Region VI:										
Illinois.....	118,627	+31,966	+108,241	514,047	496,743	17,304	9,595,097	+2,605,282	+8,847,407	18.96
Indiana.....	43,447	-24,512	+41,695	188,269	181,548	6,721	3,596,157	-341,973	+3,478,651	19.41
Wisconsin.....	17,461	+4,175	+16,385	75,665	70,139	5,526	1,349,876	+331,325	+1,284,559	18.22
Region VII:										
Alabama.....	31,424	+4,750	+30,181	136,169	132,465	3,704	2,370,766	+354,278	+2,307,438	17.54
Florida.....	10,191	+2,435	+8,796	44,160	42,666	1,494	629,334	+148,884	+550,075	14.45
Georgia.....	18,490	+1,280	+17,840	80,124	79,632	492	1,321,012	+79,761	+1,284,745	16.52
Mississippi.....	3,029	+598	+2,618	13,125	12,179	946	171,444	+32,072	+154,560	13.44
South Carolina.....	2,169	+761	+1,695	9,400	9,232	168	132,705	+48,337	+110,029	14.20
Tennessee.....	20,498	+11,447	+17,203	88,823	88,039	784	1,220,938	+681,716	+1,053,309	13.79
Region VIII:										
Iowa.....	8,242	+597	+7,811	35,715	34,536	1,179	580,943	+35,265	+559,798	16.50
Minnesota <sup>4</sup> .....										
Nebraska.....	(9)	(9)	(9)	(9)	(9)	(9)	203,735	+56,627	+198,511	(9)
North Dakota.....	293	+212	+248	1,269	990	279	20,901	+15,327	+18,578	17.64
South Dakota.....	230	+108	+170	996	852	144	12,364	+5,624	+10,264	12.96
Region IX:										
Arkansas.....	5,943	+436	+5,658	25,752	25,497	255	333,649	+14,424	+319,724	12.99
Kansas.....	21,301	+4,856	+20,699	92,303	90,072	2,231	1,413,673	+322,059	+1,382,837	15.44
Missouri.....	36,950	+150	+35,416	160,118	157,512	2,606	2,602,848	-42,177	+2,519,244	16.39
Oklahoma.....	13,668	-324	+13,323	59,226	58,084	1,142	1,019,042	-29,910	+998,689	17.29
Region X:										
Louisiana.....	21,574	+8,859	+20,636	93,488	91,148	2,340	1,533,875	+620,914	+1,477,161	16.55
New Mexico.....	239	+141	+217	1,037	1,028	9	14,054	+8,265	+12,905	13.58
Texas.....	22,144	+4,792	+20,936	95,958	94,424	1,534	1,558,871	+339,704	+1,494,755	16.34
Region XI:										
Colorado.....	1,258	+388	+1,170	5,450	5,334	116	76,069	+23,766	+70,769	14.03
Idaho <sup>4</sup> .....										
Montana <sup>4</sup> .....										
Utah.....	3,358	+1,676	+3,101	14,551	13,724	827	346,401	+172,614	+325,427	24.25
Wyoming <sup>4</sup> .....										
Region XII:										
Arizona.....	2,605	+201	+2,505	11,290	11,198	92	166,004	+13,399	+160,001	14.74
California <sup>4</sup> .....										
Nevada.....	507	+153	+459	2,199	2,177	22	40,206	+12,388	+37,205	18.36
Oregon.....	25,406	+8,784	+25,191	110,092	108,403	1,689	1,859,802	+641,279	+1,846,537	17.00
Washington.....	48,872	+15,094	+48,129	211,776	207,220	(9)	4,480,657	+1,355,990	+4,434,801	21.29
Territories:										
Alaska.....	986	+576	+924	4,272	4,197	75	66,722	+38,805	+62,594	15.73
Hawaii.....	41	+22	+25	178	152	26	3,710	+1,966	+2,492	22.66

<sup>1</sup> Includes all weeks compensated for less than total unemployment. Excludes Montana, which has no provision for payment of other than total unemployment.

<sup>2</sup> Gross: not adjusted for voided benefit checks and transfers under interstate combined wage plan.

<sup>3</sup> Includes estimated data for California, District of Columbia, Idaho, Maine, Michigan, Minnesota, Montana, Nebraska, Ohio, and Wyoming.

<sup>4</sup> Data not available for January 1946.



all wage credits increased from 4,700 in December to 8,400 in January.

Pennsylvania's 227,100 initial claims were nearly five times the December number. Under the amended Pennsylvania law, returning servicemen may file for State unemployment insurance benefits before applying for veterans' readjustment allowances.

**Region IV.**—Except for North Carolina, all five States reported higher ratios of claimants to covered workers, although each ratio remained below the national average. New highs in continued claims since VJ-day were reported by the District of Columbia, Maryland, and Virginia.

West Virginia's 15,600 initial claims, most of them filed by workers involved in an industrial dispute, were more than double the number in December.

In Maryland, also, initial claims more than doubled, partly because of large-scale lay-offs resulting from material shortages and partly because several concerns put an alternate workweek into effect.

Virginia's initial claims rose from 3,700 to 6,100 and continued claims from 31,000 to 40,500 as the result of completion of war contracts, severe weather halting construction projects, and material shortages. The number of persons exhausting all wage credits rose for the fourth consecutive month, totaling 2,100.

Initial and continued claims in North Carolina increased somewhat, but the total paid in benefits declined. Women filed approximately 60 percent of the compensable claims received.

**Region V.**—Initial claims in Kentucky totaled 13,600 and continued claims 139,000 as compared with 7,900 and 97,000 in December. Slightly more than a third of the initial claims were interstate claims.

Strikes in the automobile and steel industries caused a rise of 20,800 in Michigan's initial claims; a third of the 65,600 filed came from workers experiencing a second or subsequent spell of unemployment during their benefit year. Continued claims, however, declined for the third consecutive month.

**Region VI.**—All three States indicated substantial increases in initial and continued claims.

The increase in initial claims in Illinois was due partly to claimants who were scheduled to file their claims during the Christmas holiday but waited until the first week in January, and partly to the seasonal decline in business activity. These factors more than offset recent employment gains in the Chicago area in the radio, electrical-appliance, and food industries. About one-fourth of the initial claims were additional claims, indicating a second or subsequent spell of unemployment in a benefit year. Continued claims increased by 129,600, and 10,700 persons exhausted their benefit rights, as compared with 5,800 in December. About half the 554,600 compensable claims reported were filed by women.

Labor disputes and resulting secondary unemployment accounted for a good part of Indiana's 14,100 increase in initial claims. Though both types of claims increased, the average number of beneficiaries declined and about \$342,000 less than in December was paid in benefits. Most of the job opportunities in the State were for men, and returning veterans displaced many women workers. Slightly less than half the compensable claims were filed by women.

Women claimants in Wisconsin filed about one-third of all new claims and about half the compensable claims. The ratio of claimants to covered workers was 3.4, very much below the national average.

**Region VII.**—All States reported increases in initial and continued claims.

In Alabama the increase of 7,300 in initial claims was attributable in part to the steel strike in Birmingham, the post-holiday decline in retail trade, new wage credits for some claimants as a new calendar quarter began, a continuance of lay-offs in the aircraft industry, and a rise in the number of persons displaced by returning veterans.

Florida's increase in initial and continued claims was due chiefly to inventory lay-offs by a cigar company, the complete closing of shipyards, and an increase in interstate claims in south Florida with the beginning of the tourist season.

Georgia's initial claims rose for the first time since August, while continued claims increased for the eighth consecutive month. Although there

have been some job opportunities, particularly in textiles and transportation, the skills of the available claimants are not adapted to the existing vacancies. A marked decline in employment in the fish-processing industry also contributed to the claims load.

Table 5.—Comparison of all claims filed for week ended January 12, 1946, with average monthly employment of covered workers for the 12-month period ended March 1945, by State

State	All claims, week ended Jan. 12, 1946 <sup>1</sup>	Average monthly covered employment, 12-month period ended March 1945 <sup>2</sup>	Claims as percent of covered employment
Total.....	2,115,915	29,562,883	7.2
Region I:			
Connecticut.....	43,687	615,248	7.1
Maine.....	10,716	172,493	6.2
Massachusetts.....	67,660	1,352,247	5.0
New Hampshire.....	2,233	106,185	2.0
Rhode Island.....	20,132	230,110	8.7
Vermont.....	2,186	57,237	3.8
Region II-III:			
Delaware.....	5,321	81,615	6.5
New Jersey.....	165,939	1,221,952	13.6
New York.....	278,655	3,879,533	7.2
Pennsylvania.....	144,631	2,713,039	5.3
Region IV:			
District of Columbia.....	2,547	187,999	1.4
Maryland.....	29,328	507,833	5.8
North Carolina.....	10,508	541,740	1.9
Virginia.....	11,028	425,051	2.6
West Virginia.....	21,157	331,552	6.4
Region V:			
Kentucky.....	33,030	318,318	10.4
Michigan.....	139,957	1,548,654	9.0
Ohio.....	148,989	1,986,335	7.5
Region VI:			
Illinois.....	140,743	2,162,212	6.5
Indiana.....	54,940	833,892	6.4
Wisconsin.....	22,740	669,791	3.4
Region VII:			
Alabama.....	41,907	418,734	10.0
Florida.....	16,009	342,084	4.7
Georgia.....	22,684	484,790	4.7
Mississippi.....	8,761	161,299	5.4
South Carolina.....	4,913	252,655	1.9
Tennessee.....	34,736	488,243	7.1
Region VIII:			
Iowa.....	12,985	295,877	4.4
Minnesota.....	29,381	470,369	6.2
Nebraska.....	4,651	144,643	3.2
North Dakota.....	1,271	29,702	4.3
South Dakota.....	900	36,494	2.5
Region IX:			
Arkansas.....	17,638	187,541	9.4
Kansas.....	22,070	255,394	8.6
Missouri.....	60,648	726,228	8.4
Oklahoma.....	29,093	257,639	11.3
Region X:			
Louisiana.....	32,105	390,968	8.2
New Mexico.....	1,232	55,888	2.2
Texas.....	40,953	1,011,009	4.1
Region XI:			
Colorado.....	3,552	156,548	2.3
Idaho.....	3,270	66,435	4.9
Montana.....	4,096	70,897	5.8
Utah.....	4,157	98,031	4.2
Wyoming.....	534	40,223	1.3
Region XII:			
Arizona.....	5,128	86,721	5.9
California.....	273,963	2,157,330	12.7
Nevada.....	1,019	28,931	3.5
Oregon.....	29,600	313,737	9.4
Washington.....	52,544	569,430	9.2

<sup>1</sup> Represents initial and continued claims.

<sup>2</sup> Represents average of workers in covered employment on last pay roll of each type (weekly, semi-monthly, etc.) in each month for April-December 1944 and on pay roll ending nearest the 15th of the month for January-March 1945.

Approximately 85 percent of the 14,300 initial claims filed in Tennessee were new claims, and the bulk of the claimants had had temporary work in retail trade during the Christmas season. Lay-offs in construction work on atomic plant projects, termination of employment in war plants, and material shortages affecting manufacturers of finished-lumber products also contributed to the claims.

**Region VIII.**—All States except South Dakota reported increases in both initial and continued claims, and Minnesota, Nebraska, and North Dakota reported the highest volumes since VJ-day. In all five States the ratio of claimants to average number of covered workers rose for the third consecutive month, though each ratio was below the national average. The substantial increase in claim loads in North Dakota was due partly to the halting of construction projects by inclement weather and to industrial disputes in the meat-packing and trucking industries.

**Region IX.**—For the seventh consecutive month all States reported increases in continued claims. The ratios of claimants to covered workers increased in all four States and ranged from 8.4 in Missouri to 11.3 in Oklahoma.

The 23,100 rise in initial claims in Missouri reflected claims filed by persons involved in labor disputes and claims from workers indirectly affected.

In Oklahoma an increase in seasonal unemployment and the displacement of workers resulted in a 50-percent increase in initial claims. The claims load was spread uniformly over the State. In Oklahoma City, women filed about half the initial claims and nearly two-thirds of the compensable claims. The average number of beneficiaries and the amount of benefits declined, in spite of the 19,000 increase in the number of compensable claims.

**Region X.**—Initial and continued claims went to new highs since VJ-day in all three States.

In Louisiana the increase in initial claims resulted from seasonal lay-offs in retail and wholesale trade, the closing of seasonal operations in the sugar-cane growing areas, and

lay-offs in the Baton Rouge petroleum industries.

In Texas continued conversion of plants and material shortages because of labor disputes in other areas contributed to the rise in claims.

Although only 1,200 initial claims were received by New Mexico, the number was about double the December figure. Three-fifths of the claims were filed against wage credits earned in other states.

**Region XI.**—New highs since VJ-day were reported for initial and continued claims in the four States for which data are available. The ratio of claimants to covered workers increased in each State but each was well under the national average.

Colorado's initial claims nearly doubled. In addition to the usual drop in employment in January, three labor disputes affected the claims load. Thirty percent of the initial claims were from workers returning to the State and filing claims against wage credits earned in other States.

The increase in Montana's continued claims was attributed to several causes: workers returning from war industries in the Pacific Coast States, ending of the sugar-beet season, heavy snows in the mountains which retarded lumbering, and unsettled labor conditions.

**Region XII.**—Both types of claims increased in every State in the region except Oregon, while California, Oregon, and Washington reported the largest numbers of continued claims since benefits became payable. The ratio of claims to covered workers varied from 3.5 in Nevada to 12.7 in California.

In Arizona, increases in claims reflected unemployment due to shortages of all kinds of civilian goods and building materials. Heavy snows in the northern part of the State hampered lumber operations to some extent. Forty percent of the initial claims were interstate claims taken as agent State.

Initial claims in Oregon declined in January because many persons had filed in December in anticipation of the beginning of a new benefit year on January 1. Continued claims, however, rose to a new all-time high of 142,500. This increase was chiefly due to seasonal unemployment in the lumbering, canning, and resort indus-

tries, which reached its peak during December and January. Because the ending of the labor dispute in the lumber industry occurred at the peak of the seasonal lay-off, not as many persons returned to work as would have if the dispute had been settled earlier in the autumn. The proportion of claims filed by women declined as a result of the increase in unemployment in heavy industries.

In California, initial claims rose from 92,100 to 135,200, and continued claims went to a new high of 1,012,300; the previous all-time high in November 1945 was 711,200. It is believed, however, that reconversion unemployment reached its peak during January. Of the 135,200 initial claims filed by newly unemployed workers, 28 percent were additional claims, as against 33 percent in December. A recent study made by the agency shows that since VJ-day 408,700 benefit determinations were made and that more than half of the claimants, on the average, were drawing unemployment insurance during January. Interstate claims increased moderately, following the trend of all claims during January. While many persons returned to their own States after the closing of several war industries, the agency points out that such claims do not represent any appreciably greater proportion of the total claims load than in 1941, before the war.

### *Veterans' Readjustment Allowances*

More than half a million initial claims for veterans' unemployment allowances were filed in December. About 10 percent of these were additional claims from veterans who had received unemployment allowances in earlier months, later found a job and then became unemployed again. Increases in initial claims were large in some States; in North Dakota the number was more than triple, and in 6 other States more than double, the November figures.

Continued claims rose even more abruptly. In 21 States, claims more than doubled, and Idaho reported a gain of 738 percent. The only decline was reported by Hawaii.

The average weekly number of veterans receiving readjustment allowances approached the half million mark in December, reaching a peak of 482,000 in the week ended Decem-

ber 22. During this same week, eight times as many veterans received payments as during the week preceding VJ-day. For the month of December as a whole, the average weekly number was 86 percent larger than in November. Payments totaled almost \$40 million, 64 percent more than in November and 183 percent more than in October.

### Nonfarm Placements

Although the number of nonfarm placements increased seasonally in

January, the proportionate increase was not as large as in the preceding 2 years. There were fewer placements in 11 States, probably because of the strike situation which delayed production through material shortages even in plants where the employees were not actually out on strike.

Placements of nonwhite workers were almost a fourth of all January placements, the largest percentage in the history of the U. S. Employment Service. Nine out of every 10 non-

white placements are in the service and unskilled occupations, which have been least affected by the recent labor disputes.

More women were placed in January in each State except Arizona, Kentucky, Louisiana, and New Mexico, where relatively few women are in the labor force. Every industry group in which there were more than 500 placements of women during January reported an increase except wholesale and retail trade, and there the decline was slight.

Table 6.—Claims and payments for veterans' unemployment allowances, December 1945<sup>1</sup>

State <sup>2</sup>	Initial claims	Continued claims		Payments		
		Total	Type	Weeks compensated	Average weekly number of veterans <sup>3</sup>	Amount
			Lack of work	Illness or disability		
Total.....	555,041	2,401,185	2,368,129	33,056	* 2,001,200	405,036
Alabama.....	9,299	53,072	52,447	625	50,470	8,466
Alaska.....	107	309	309	0	267	60
Arizona.....	2,281	8,746	8,485	261	7,663	1,401
Arkansas.....	9,545	39,930	39,324	606	35,294	6,651
California.....	32,761	122,611	121,008	1,603	(*)	26,135
Colorado.....	3,344	8,374	8,198	176	6,019	1,085
Connecticut.....	8,057	37,887	37,232	655	36,372	6,679
Delaware.....	1,122	4,306	4,295	11	4,306	1,015
Dist. of Columbia.....	2,123	7,455	7,165	290	5,938	996
Florida.....	6,064	17,393	17,192	201	16,133	3,405
Georgia.....	9,423	55,218	54,795	423	54,677	7,286
Hawaii.....	27	56	56	0	50	12
Idaho.....	1,263	2,054	1,263	801	1,171	182
Illinois.....	29,348	100,971	100,154	817	82,226	15,504
Indiana.....	22,171	82,305	82,024	281	66,095	10,678
Iowa.....	7,857	25,343	25,168	175	25,006	4,241
Kansas.....	6,319	19,394	19,223	171	17,981	3,457
Kentucky.....	9,486	38,865	38,591	274	41,628	5,501
Louisiana.....	6,490	27,927	27,873	54	12,690	1,785
Maine.....	3,041	11,398	11,142	256	10,405	2,142
Maryland.....	5,708	26,257	26,208	49	26,257	5,762
Massachusetts.....	25,160	107,745	107,156	589	95,977	21,516
Michigan.....	41,493	196,737	194,735	1,982	166,424	29,726
Minnesota.....	14,360	62,394	62,103	291	61,586	9,458
Mississippi.....	4,536	20,862	20,483	379	16,936	2,985
Missouri.....	16,191	63,534	63,265	269	62,200	6,698
Montana.....	2,355	8,864	8,761	113	8,080	1,509
Nebraska.....	915	2,630	2,497	133	2,735	436
Nevada.....	380	1,100	1,097	3	1,078	245
New Hampshire.....	2,326	8,106	7,936	170	7,051	1,377
New Jersey.....	18,619	108,017	106,548	1,469	101,378	17,320
New Mexico.....	1,371	4,532	4,485	47	3,808	821
New York.....	76,647	254,778	251,039	3,739	231,782	54,896
North Carolina.....	6,036	28,338	27,102	1,236	24,515	4,429
North Dakota.....	807	2,078	2,059	19	1,460	277
Ohio.....	13,739	59,695	58,407	1,288	54,381	7,436
Oklahoma.....	6,358	20,436	20,157	279	15,364	2,587
Oregon.....	7,621	33,309	33,238	51	18,721	3,228
Pennsylvania.....	58,691	321,733	314,635	7,098	270,963	57,354
Puerto Rico.....	5,956	47,964	46,845	1,119	50,090	10,371
Rhode Island.....	1,966	8,665	8,581	84	8,654	1,843
South Carolina.....	5,276	28,106	27,079	1,027	25,250	4,637
South Dakota.....	769	2,262	2,262	0	1,917	346
Tennessee.....	9,910	65,827	65,178	640	33,811	5,612
Texas.....	23,076	125,058	123,133	1,925	118,387	24,306
Utah.....	1,822	5,076	5,036	40	4,237	759
Vermont.....	1,022	3,961	3,870	91	3,818	782
Virginia.....	5,265	21,734	20,826	408	21,234	3,724
Washington.....	7,140	18,010	17,983	27	18,094	3,192
West Virginia.....	10,637	60,147	59,568	579	61,713	8,900
Wisconsin.....	8,992	29,488	29,276	212	28,408	5,658
Wyoming.....	339	628	617	11	502	74

<sup>1</sup> Represents activities under provisions of title V of the Servicemen's Readjustment Act of 1944; excludes data for self-employed veterans.

<sup>2</sup> Includes Puerto Rico.

<sup>3</sup> Represents average weekly number of veterans paid readjustment allowances during weeks ended in month.

\* Excludes California; data not available.

Source: Data reported to Readjustment Allowance Division, Veterans Administration, by unemployment compensation agencies in 48 States, the District of Columbia, Alaska, and Hawaii, and by Veterans Administration for Puerto Rico.

Table 7.—Nonfarm placements by State, January 1946

U. S. Employment Service region and State	Total	Women	Veterans <sup>1</sup>
Total.....	412,325	134,683	142,423
Region I:			
Connecticut.....	6,626	2,657	1,977
Maine.....	2,756	616	1,187
Massachusetts.....	9,083	3,190	3,312
New Hampshire.....	1,904	578	802
Rhode Island.....	1,942	745	759
Vermont.....	936	280	493
Region II:			
New York.....	69,677	31,712	14,445
Region III:			
Delaware.....	687	208	245
New Jersey.....	13,178	5,600	3,352
Pennsylvania.....	15,977	5,633	5,568
Region IV:			
District of Columbia.....	5,445	1,163	2,053
Maryland.....	4,491	1,053	1,766
North Carolina.....	9,017	2,871	3,248
Virginia.....	8,320	2,332	3,121
West Virginia.....	3,201	1,061	1,010
Region V:			
Kentucky.....	2,940	777	1,125
Michigan.....	12,277	2,628	5,508
Ohio.....	21,949	7,302	7,862
Region VI:			
Illinois.....	18,356	5,162	8,379
Indiana.....	7,842	2,871	2,403
Wisconsin.....	8,617	2,798	4,273
Region VII:			
Alabama.....	9,598	2,673	3,316
Florida.....	10,874	4,243	3,951
Georgia.....	7,993	2,010	3,094
Mississippi.....	3,959	1,149	1,675
South Carolina.....	4,282	1,085	1,588
Tennessee.....	7,712	2,500	2,485
Region VIII:			
Iowa.....	5,219	1,296	2,464
Minnesota.....	8,291	1,523	3,757
Nebraska.....	2,984	845	1,412
North Dakota.....	892	225	366
South Dakota.....	1,148	266	577
Region IX:			
Arkansas.....	4,349	1,586	1,218
Kansas.....	4,227	1,326	1,669
Missouri.....	8,689	3,145	2,944
Oklahoma.....	6,548	1,780	2,915
Region X:			
Louisiana.....	4,905	836	2,091
New Mexico.....	1,521	211	659
Texas.....	23,858	6,533	7,828
Region XI:			
Colorado.....	4,312	749	1,727
Idaho.....	1,347	308	583
Montana.....	1,184	171	522
Utah.....	2,207	850	799
Wyoming.....	946	139	340
Region XII:			
Arizona.....	3,081	702	1,048
California.....	41,541	13,445	14,575
Nevada.....	1,736	347	523
Oregon.....	5,918	1,639	2,479
Washington.....	7,883	2,063	2,999

<sup>1</sup> Represents placements of veterans of all wars.

Source: Department of Labor, U. S. Employment Service.



Placements of veterans increased for the country as a whole and more than doubled in the District of Columbia and Georgia. They accounted for more than one-third of all non-farm placements in the United States.

Table 8.—Number of first and second and subsequent intrastate benefit payments for total unemployment, and percent of payments issued within 2 weeks and in 6 weeks and over,<sup>1</sup> by State, July–September 1945

Social Security Board region and State	First payments			Second and subsequent payments		
	Number	Percent of payments issued—		Number	Percent of payments issued—	
		Within 2 weeks	In 6 weeks and over		Within 2 weeks	In 6 weeks and over
Total.....	921,145	72.6	1.8	3,219,160	86.8	0.2
Region I:						
Connecticut.....	39,806	70.9	1.0	74,537	89.7	1.8
Maine.....	2,150	80.7	1.7	17,354	94.1	.8
Massachusetts.....	45,105	95.9	.5	118,009	97.9	.5
New Hampshire.....	1,311	95.5	.2	3,588	95.0	.2
Rhode Island.....	12,814	94.3	.1	51,780	98.2	.2
Vermont.....	684	92.9	2.3	2,092	96.5	.6
Region II–III:						
Delaware.....	2,045	94.1	.5	6,679	90.9	.6
New Jersey.....	53,225	38.7	2.7	185,337	71.8	2.6
New York.....	147,894	82.0	1.1	521,228	92.3	1.0
Pennsylvania.....	75,921	90.4	.8	189,852	95.8	.5
Region IV:						
District of Columbia.....	343	88.1	2.3	2,382	92.6	1.1
Maryland.....	23,271	96.2	0	59,411	95.8	.2
North Carolina.....	7,759	70.2	.5	19,045	94.3	.9
Virginia.....	3,283	96.7	.2	10,381	97.4	.2
West Virginia.....	4,550	89.0	1.5	14,334	93.7	1.8
Region V:						
Kentucky.....	7,547	69.8	1.4	27,428	86.9	2.3
Michigan.....	122,031	26.6	6.8	747,636	74.6	5.3
Ohio.....	32,820	60.6	.9	80,402	91.6	.7
Region VI:						
Illinois.....	80,221	59.2	1.1	302,748	78.8	.9
Indiana.....	16,988	56.0	1.0	71,811	91.2	.4
Wisconsin.....	10,877	90.5	.6	26,483	94.6	.8
Region VII:						
Alabama.....	14,041	94.7	.2	48,609	98.7	.2
Florida.....	5,733	85.3	1.2	25,108	92.3	1.1
Georgia.....	9,342	91.1	2.1	22,458	92.3	2.9
Mississippi.....	2,204	97.2	.5	8,918	97.8	.4
South Carolina.....	693	90.0	2.0	5,102	95.5	.7
Tennessee.....	8,071	81.4	2.0	27,771	89.3	2.6
Region VIII:						
Iowa.....	5,937	91.8	.9	19,645	95.5	.6
Minnesota.....	6,455	95.3	.3	14,293	97.0	.4
Nebraska.....	1,393	94.3	.9	2,421	91.3	2.3
North Dakota.....	15	80.0	0	75	94.6	0
South Dakota.....	59	93.2	1.7	542	97.8	0
Region IX:						
Arkansas.....	3,443	68.8	.9	8,141	87.5	.5
Kansas.....	9,485	95.2	.4	19,769	93.4	.4
Missouri.....	18,840	82.3	1.5	65,970	91.2	.9
Oklahoma.....	9,701	89.0	.3	22,390	93.5	.5
Region X:						
Louisiana.....	7,678	96.7	.3	27,969	97.1	.5
New Mexico.....	27	92.6	3.7	100	95.6	0
Texas.....	7,601	90.5	2.5	11,219	91.4	1.6
Region XI:						
Colorado.....	402	90.8	1.7	1,621	72.4	15.8
Idaho.....	252	99.2	0	1,887	97.5	.1
Montana.....	141	96.5	0	1,218	97.8	0
Utah.....	382	89.0	.3	1,189	96.4	.1
Wyoming.....	4	75.0	0	35	85.7	5.7
Region XII:						
Arizona.....	2,692	98.4	.1	8,054	99.2	.1
California.....	89,244	97.9	.6	320,618	96.6	1.2
Nevada.....	112	98.2	0	408	99.6	0
Oregon.....	3,563	95.4	.4	8,626	96.6	.4
Washington.....	8,960	96.4	.1	12,424	97.0	.2
Territories:						
Alaska.....	5	60.0	0	91	94.5	.0
Hawaii.....	5	60.0	0	12	83.3	0

<sup>1</sup> Represents number of weeks elapsed between the end of the benefit period and the date of payment. The benefit period for total unemployment is 1 week in all States except Texas, where it is 2 weeks.

<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Since Wisconsin State law does not provide for a benefit year, figure represents number of first payments in connection with each spell of unemployment.

<sup>4</sup> Includes actual figures for July and August, estimated figure for September.

Table 9.—Number of first and second and subsequent interstate benefit payments for all types of unemployment, and percent of payments issued within 2 weeks and in 6 weeks and over,<sup>1</sup> by State, July–September 1945

Social Security Board region and State	First payment			Second and subsequent payments		
	Number	Percent of payments issued—		Number	Percent of payments issued—	
		Within 2 weeks	In 6 weeks and over		Within 2 weeks	In 6 weeks and over
Total.....	26,546	64.9	6.7	107,805	62.4	7.2
Region I:						
Connecticut.....	1,896	75.9	2.1	4,816	85.9	2.4
Maine.....	74	46.0	16.2	453	60.9	11.5
Massachusetts.....	644	75.8	2.3	2,122	87.8	1.8
New Hampshire.....	95	86.3	0	351	95.5	0
Rhode Island.....	794	82.2	1.1	3,213	90.7	.7
Vermont.....	43	69.8	11.6	136	82.3	5.9
Region II–III:						
Delaware.....	245	91.0	1.6	1,004	94.1	1.4
New Jersey.....	475	13.5	22.5	2,475	25.8	17.4
New York.....	2,292	54.8	5.7	13,234	66.8	1.2
Pennsylvania.....	807	63.0	4.8	2,457	63.6	6.5
Region IV:						
District of Columbia.....	41	80.4	0	252	86.9	2.0
Maryland.....	3,005	92.9	1.3	8,702	84.4	3.5
North Carolina.....	832	98.4	.4	3,027	92.8	.4
Virginia.....	266	75.9	3.8	772	87.9	2.3
West Virginia.....	152	75.0	8.6	479	75.0	7.7
Region V:						
Kentucky.....	156	30.2	5.1	746	42.1	4.6
Michigan.....	964	1.3	69.4	6,784	5.9	39.0
Ohio.....	405	72.8	4.0	1,411	79.3	3.2
Region VI:						
Illinois.....	1,525	53.7	6.4	8,453	59.9	5.5
Indiana.....	1,083	23.5	11.1	7,172	38.1	7.5
Wisconsin.....	186	37.1	5.9	494	52.1	5.7
Region VII:						
Alabama.....	470	94.3	.6	2,098	93.4	.9
Florida.....	460	71.1	2.8	1,897	71.0	3.2
Georgia.....	203	75.5	3.4	831	80.3	5.7
Mississippi.....	151	89.5	2.6	629	93.7	1.7
South Carolina.....	28	74.9	3.6	148	88.5	2.0
Tennessee.....	806	75.9	2.6	1,901	73.1	5.8
Region VIII:						
Iowa.....	54	46.3	11.1	175	52.5	4.6
Minnesota.....	53	60.3	5.7	205	74.1	4.9
Nebraska.....	90	83.3	5.6	142	81.8	7.0
North Dakota.....	3	66.7	0	13	100.0	0
South Dakota.....	8	50.0	12.5	42	85.7	0
Region IX:						
Arkansas.....	128	57.1	3.1	301	85.3	.7
Kansas.....	2,081	89.8	.9	2,916	84.2	3.9
Missouri.....	926	67.4	2.7	4,171	76.8	2.3
Oklahoma.....	325	43.0	3.4	943	64.1	2.5
Region X:						
Louisiana.....	372	84.1	2.2	1,524	88.6	2.6
New Mexico.....	28	85.8	0	128	93.7	0
Texas.....	180	42.2	18.3	554	60.3	9.4
Region XI:						
Colorado.....	48	72.9	0	200	78.5	0
Idaho.....	6	66.6	0	16	68.7	0
Montana.....	20	100.0	0	44	97.7	0
Utah.....	65	67.7	0	266	88.7	.4
Wyoming.....	10	60.0	0	32	65.6	0
Region XII:						
Arizona.....	228	62.2	.5	712	79.9	1.8
California.....	1,574	23.1	14.6	11,948	25.9	15.9
Nevada.....	43	86.0	0	96	96.3	0
Oregon.....	568	81.0	2.3	2,192	86.5	1.3
Washington.....	1,581	58.2	1.6	4,830	67.4	1.3
Territories:						
Alaska.....	56	53.6	3.6	207	50.2	0
Hawaii.....	1	0	0	4	25.0	0

<sup>1</sup> Represents number of weeks elapsed between the end of the benefit period and the date of payment. The benefit period for total unemployment is 1 week in all States except Texas, where it is 2 weeks.

<sup>2</sup> Since Wisconsin State law does not provide for a benefit year, figure represents number of first payments in connection with each spell of unemployment.

<sup>3</sup> Includes actual figures for July and August, estimated figure for September.



## Time Lapse in Benefit Payments, July–September 1945

During July–September 1945, when the claims load began mounting throughout the country, State agencies made 921,000 first payments of benefits, nearly five times the number issued in the April–June quarter. Of the total number of first payments in the third quarter, 73 percent were issued within 2 weeks; in the preceding quarter 78 percent had been paid within 2 weeks. Twenty-seven States evidenced increased promptness in issuing first payments, among them Alabama, California, Maryland, Massachusetts, Missouri, and Wisconsin, which each reported more than 10,000 first payments. Twenty-nine States issued 90 percent or more of their first payments within 2 weeks, Idaho topping the group with 99 per-

cent. At the other end of the scale, 11 States issued less than 73 percent, the national average. Michigan had the lowest percentage, 27.

Even though the 3.2 million second and subsequent payments in the quarter were more than three times the number in the preceding quarter, 87 percent were issued within 2 weeks as against 91 percent in the earlier quarter. Forty-five States bettered the national average, and only four—Colorado, Illinois, Michigan, and New Jersey—issued less than 80 percent within 2 weeks. Two percent of all second and subsequent payments were issued after 6 weeks. Seven States issued all their second and subsequent payments in less than 6 weeks.

First payments on interstate claims for all types of unemployment were made at an improved rate in the July–September quarter; 65 percent of the

27,000 payments were issued within 2 weeks, in comparison with 54 percent of the 7,700 made in the preceding quarter. Five States issued more than 90 percent of their first payments within 2 weeks. Among these was Maryland, which reported the largest number of interstate first payments for any State. Though the percentage of second and subsequent payments issued within 2 weeks was slightly less than for the preceding period, the total number increased from 46,000 to 108,000. During the third quarter, 6.7 percent of the first payments and 7.2 percent of the second and subsequent payments were issued after 6 weeks.

In making a State-by-State comparison of the data in tables 8 and 9, administrative and statutory provisions which affect the time lapse should be considered.

## Old-Age and Survivors Insurance

### Monthly Benefits in Force and Payments Certified, January 1946

At the end of January, benefits totaling \$28.1 million were in force for

more than 1.5 million beneficiaries (table 1). Of this number, 41.8 percent were primary beneficiaries. As a proportion of the total number of

benefits in force, primary benefits declined slowly but continuously from 52.2 percent at the end of December 1940 to 40.4 percent at the end of July 1945. The downward trend was reversed in the last part of the year, however, by the large number of

Table 1.—Monthly benefits in force<sup>1</sup> in each payment status,<sup>2</sup> actions effected during the month, and payments certified, by type of benefit, January 1946

[Current month's data corrected to Feb. 15, 1946]

Status of benefit and action	Total		Primary		Wife's		Child's		Widow's		Widow's current		Parent's	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
In force as of Dec. 31, 1945.....	1,469,682	\$27,394,031	610,842	\$14,744,065	181,245	\$2,313,953	417,870	\$5,194,431	95,423	\$1,925,875	157,999	\$3,133,424	6,303	\$82,283
Current-payment status.....	1,288,107	23,801,131	518,234	12,538,210	159,168	2,039,880	390,134	4,857,548	93,781	1,893,051	120,581	2,391,375	6,209	81,067
Deferred-payment status.....	4,722	86,544	2,447	53,410	426	5,151	979	11,967	140	2,903	722	13,028	8	85
Conditional-payment status.....	176,853	3,506,356	90,161	2,152,445	21,651	268,922	26,757	324,916	1,502	29,921	36,696	729,021	86	1,131
Suspended.....	141,222	2,723,844	74,410	1,703,231	16,758	200,145	22,030	266,177	942	18,306	27,009	535,020	73	956
Frozen.....	35,631	782,512	15,751	449,214	4,893	98,777	4,727	58,739	860	11,615	9,087	193,992	13	175
Actions during January 1946:														
Benefits awarded.....	46,328	946,852	22,121	577,988	7,229	98,033	10,083	130,840	2,735	56,048	4,034	82,288	126	1,655
Entitlements terminated <sup>3</sup> .....	12,159	221,793	4,169	100,671	2,145	26,813	3,107	40,496	417	8,178	2,270	44,961	51	671
Net adjustments <sup>4</sup> .....	41	12,258	—08	7,229	—50	585	74	2,502	6	10	72	1,891	5	35
In force as of Jan. 31, 1946.....	1,503,892	28,131,348	628,726	15,228,611	186,279	2,385,758	424,920	5,287,274	97,749	1,973,761	159,835	3,172,642	6,383	83,302
Current-payment status.....	1,324,496	24,573,022	538,006	13,057,555	164,809	2,119,381	397,062	4,948,294	96,105	1,941,039	122,121	2,424,286	6,293	82,167
Deferred-payment status.....	4,771	87,206	2,464	53,795	414	4,884	998	12,043	138	2,832	740	13,531	8	71
Conditional-payment status.....	174,625	3,471,120	88,256	2,116,961	20,956	261,493	26,860	326,937	1,506	29,890	36,965	734,775	82	1,064
Suspended.....	138,686	2,683,835	72,408	1,666,341	16,045	192,672	22,040	266,763	931	18,150	27,192	539,002	70	907
Frozen.....	35,939	787,285	15,848	450,620	4,911	98,821	4,820	60,174	875	11,740	9,773	195,773	12	167
Payments certified in January <sup>5</sup> .....		\$28,811,218		13,896,800		2,272,154		5,323,526		2,051,255		2,640,572		88,040

<sup>1</sup> Represents total benefits awarded after adjustments for subsequent changes in number and amount of benefits (see footnote 4) and terminations (see footnote 3), cumulative from January 1940.

<sup>2</sup> Benefit in current-payment status is subject to no deduction or only to deduction of fixed amount which is less than current month's benefit. Benefit in deferred-payment status is one withheld entirely for a known period. Benefit in conditional-payment status is one withheld entirely for an indefinite period; if previously in current or deferred-payment status, it is a suspended benefit; otherwise it is a frozen benefit.

<sup>3</sup> Benefits are terminated when a beneficiary dies or loses entitlement to benefits for the reasons specified in 1939 amendments, sec. 202.

<sup>4</sup> Adjustments result from operation of maximum and minimum provisions of 1939 amendments, sec. 203 (a) and (b), and from other administrative actions.

<sup>5</sup> Distribution by type of benefit estimated; includes retroactive payments.

<sup>6</sup> Includes \$2,537,123 paid as lump-sum benefits under 1939 amendments (payable with respect to workers who died after December 1939, if no survivor could be entitled to monthly benefits for month in which worker died) and \$1,748 paid as lump-sum benefits under 1935 act (payable with respect to workers who died before January 1940).

primary benefits awarded since the cessation of hostilities.

During January 46,000 monthly benefit awards were processed, 17 percent more than in December but slightly less than in October or November. The distribution by type of benefit was about the same as for these months, with primary benefits making up almost half and child's benefits a little more than one-fifth the total number of benefits awarded.

Benefits in conditional-payment status decreased both as a proportion of the total in force for each type of benefit and in absolute number for most types of benefits. At the end of January, less than 12 percent of the total benefits in force were in conditional-payment status. A year earlier, the proportion of such benefits was almost 14 percent.

Monthly benefit certifications in January totaled more than \$26.3 million, an increase of 4 percent over December. Certifications of lump-sum death payments amounted to \$2.5 million, 37 percent more than in December.

January certifications brought the cumulative amount of benefits and payments certified under the program to more than a billion dollars. Of this amount, \$870 million represented monthly benefits, \$106 million, lump-sum payments under the 1939 amendments, and \$29 million, lump-sum payments under the 1935 act.

### Monthly Benefits for Which Payment Was Withheld as of December 31, 1945

Of the 1.5 million benefits in force as of December 31, 1945, payment was withheld on 182,000 (table 2)—3,000 more than the number in deferred or conditional-payment status at the end of June. Benefits withheld at the end of 1945 represented 12.4 percent of the total number in force, as compared with 14.5 percent at the end of 1944 and 15.5 at the end of 1943.

For each type of benefit the proportion withheld was lower than a year earlier. For primary and wife's benefits the proportions have been decreasing since October 1943, except for slight increases during the second quarter of each year; for widow's current benefits the decline began in December 1944. The relative number of child's benefits withheld fluctuates during the year because of vacation employment, but at the end of both 1944 and 1945 proportionately fewer were being withheld than a year earlier.

The distribution by reason for withholding payment changes very little from year to year. Employment accounted for 98 percent of the primary benefits withheld, 96 percent of widow's current, and 86 percent of widow's benefits. Employment of the primary beneficiary was the reason for withholding 94 percent of the

wife's benefits and 8 percent of the child's benefits. Employment was given as the reason for 68 percent and failure to attend school for 14 percent of the child's benefits withheld. Probably both reasons would apply to a large proportion of each group. If it is reported simultaneously that a child is not attending school and is in covered employment, failure to attend school is recorded as the reason. Otherwise the reason reported first is the one recorded.

Most of the benefits withheld because of employment or failure to attend school are in conditional-payment status, since withholding is for an indefinite period. In some cases deductions are made retroactively to make up for earlier months when payments were not withheld or as a penalty for not reporting promptly that benefits should be withheld. In such cases the benefits are in deferred-payment status until the correct amount has been withheld.

Since employment is the reason for almost all primary benefits withheld, it may be seen from table 1 that slightly more than a sixth of the primary beneficiaries whose benefits were withheld were persons who filed to freeze their benefits and were still working, while the others were workers who had retired, filed for benefits, and then returned to work. A year earlier frozen benefits represented only a little more than a tenth of the primary benefits in conditional-payment status.

Table 2.—Number and amount of monthly benefits in force in deferred or conditional-payment status,<sup>1</sup> by reason for withholding payment and type of benefit, December 31, 1945

[Corrected to Feb. 5, 1946]

Reason for withholding payment <sup>2</sup>	Total		Primary		Wife's		Child's		Widow's		Widow's current		Parent's	
	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount	Number	Monthly amount
Total.....	181,575	\$3,592,900	92,608	\$2,205,855	22,077	\$274,073	27,736	\$336,883	1,642	\$32,824	37,418	\$742,049	94	\$1,216
Failure to attend school regularly....	3,936	47,888					3,936	47,888						
Employment of beneficiary.....	148,121	3,155,649	90,810	2,165,410	903	10,281	18,987	235,948	1,414	28,237	35,949	715,043	58	730
Employment of primary beneficiary on whose wages benefit is based.....	23,088	284,118			20,860	259,636	2,228	24,482						
Failure to have care of an entitled child.....	783	14,526									783	14,526		
Previous payment of lump-sum attainment claim.....	448	13,488	304	10,494	92	1,628	3	60	47	1,281	1	15	1	10
Payee not determined.....	1,472	17,852	95	2,194	10	120	1,306	14,367	18	314	40	826	2	32
All other.....	3,727	59,379	1,399	27,757	212	2,399	1,276	14,148	163	2,992	644	11,639	33	444

<sup>1</sup> For explanation of each payment status see table 1, footnote 2.

<sup>2</sup> As provided under secs. 203 and 907 of the amended act, except for the reason "payee not determined," in which case benefit payments are accrued pending determination of guardian or other appropriate payee. When 2 or more reasons

for withholding are reported simultaneously, the case is classified under the first listed reason. In all other instances in which 2 or more reasons apply, the first reported reason is the reason recorded.

## Public Assistance

### Program Operations

The general assistance load rose 7.3 percent in January, a larger percentage increase than in any other month since the beginning of World War II. In 5 States, case loads mounted by more than 10 percent. The largest increase—30 percent—occurred in Michigan, which has been particularly hard hit by unemployment and labor disputes and has more than doubled its general assistance rolls within the past year.

Information collected by 19 large metropolitan areas shows spectacular increases in the number of requests for assistance. During 1945, requests increased in every month but one from May through December. These increases were followed by a jump of 43 percent in total requests from December to January. Only one city received fewer requests than in December, while in 8 cities the rise was more than 50 percent.

In the special types of public assistance, the slight upward trend in case loads continued in January, with the highest increase (2 percent) again in aid to dependent children. The decrease of 6 percent in the number of families receiving aid to dependent children in Texas, like the 8-percent decrease in December, resulted from the removal from the rolls of families who had income other than assistance equal to 60 percent of their need. The new policy was prompted partly by an increase in the State maximum from \$16 for the first child and \$24 for a family to \$18 for the first child and \$12 for each additional child aided, although the State appropriation was limited to the same amount as in the preceding year. In Delaware, insufficient funds forced a reduction in the payments that had been above the maximums for Federal matching; the average payment dropped \$23. Payments for all types

of assistance have been cut also in the District of Columbia. Average payments of old-age assistance, aid to dependent children, and general assistance for the country as a whole, however, were somewhat higher than in December.

### One State's Experience With Out-of-State Recipients

Recipients of public assistance, like other persons, frequently find that moving to a different locality offers better living arrangements or other opportunities for improving their circumstances. As the family situation changes, a move to another county, or even to another State, is sometimes extremely desirable, if not imperative. Most agencies administering the special types of public assistance have adopted procedures to prevent loss of assistance to recipients who move within the State but still need aid. Many States have established procedures for intercounty transfers. The first county frequently continues assistance until the second county has

Table 1.—Public assistance in the United States, by month, January 1945–January 1946<sup>1</sup>

Year and month	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance
			Families	Children					Families	Children		
Number of recipients												
Percentage change from previous month												
1945												
January		2,059,148	254,722	642,116	72,090	259,000		-0.3	+0.4	+0.5	-0.3	+0.4
February		2,052,830	255,284	643,803	71,843	258,000		-3	+2	+3	-3	-5
March		2,048,740	256,065	646,164	71,603	258,000		-2	+3	+4	-3	-1
April		2,044,062	256,034	646,729	71,446	251,000		-2	(?)	+1	-2	-2.5
May		2,040,661	255,983	646,828	71,254	237,000		-2	(?)	(?)	-3	-5.7
June		2,038,395	255,675	646,808	71,143	234,000		-1	-1	(?)	-2	-1.4
July		2,034,531	254,310	644,088	70,935	231,000		-2	-5	-4	-3	-1.3
August		2,033,135	255,114	647,187	70,850	229,000		-1	+3	+5	-1	-9
September		2,034,541	258,589	657,861	70,654	232,000		+1	+1.4	+1.6	-3	+1.3
October		2,039,661	263,003	669,317	70,699	239,000		+3	+1.7	+1.7	+1	+3.2
November		2,047,405	268,213	683,899	70,886	242,000		+4	+2.0	+2.2	+3	+1.3
December		2,055,851	274,300	701,803	71,453	256,000		+4	+2.3	+2.6	+8	+5.5
1946												
January		2,050,312	279,881	716,660	71,654	274,000		+2	+2.0	+2.1	+3	+7.3
Amount of assistance												
Percentage change from previous month												
1945												
January	\$79,977,477	\$58,736,891	\$11,635,258	\$2,119,328	\$7,496,000		+0.2	(?)	+0.6	(?)	+0.7	
February	79,805,022	58,693,475	11,741,862	2,120,685	7,249,000		-2	-0.1	+9	+0.1	-3.2	
March	80,357,200	58,856,126	11,903,031	2,119,043	7,479,000		+7	+3	+1.4	-1	+3.2	
April	80,192,455	59,062,140	11,987,848	2,117,467	7,025,000		-2	+4	+7	-1	-6.1	
May	80,890,492	59,825,582	12,037,783	2,124,127	6,903,000		+9	+1.3	+4	+3	-1.7	
June	81,123,746	60,047,047	12,133,574	2,147,125	6,796,000		+3	+4	+8	+1.1	-1.6	
July	81,399,186	60,536,297	12,091,159	2,153,730	6,618,000		+3	+8	-3	+3	-2.6	
August	82,321,517	60,943,111	12,260,634	2,278,772	6,839,000		+1.1	+7	+1.4	+5.8	+3.3	
September	83,243,795	61,393,799	12,654,076	2,305,920	6,890,000		+1.1	+7	+3.2	+1.2	+7	
October	85,196,850	62,137,738	13,171,371	2,346,741	7,641,000		+2.3	+1.2	+4.1	+1.8	+0.4	
November	86,660,758	62,828,837	13,772,103	2,364,818	7,695,000		+1.7	+1.7	+4.6	+8	+2.0	
December	88,428,913	63,361,293	14,278,421	2,395,199	8,394,000		+2.0	+8	+3.7	+1.3	+9.1	
1946												
January	90,346,718	63,962,322	14,726,462	2,402,934	9,255,000		+2.2	+9	+3.1	+3	+10.3	

<sup>1</sup> Partly estimated and subject to revision. For monthly data before 1944 for continental United States, see the *Bulletin*, February 1944, p. 27. Excludes programs administered without Federal participation in States administering such

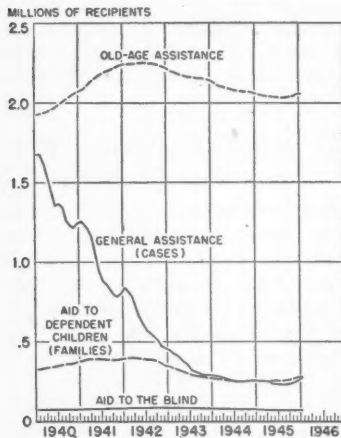
programs concurrently with programs under the Social Security Act.

<sup>2</sup> Decrease of less than 0.05 percent.

<sup>3</sup> Increase of less than 0.05 percent.



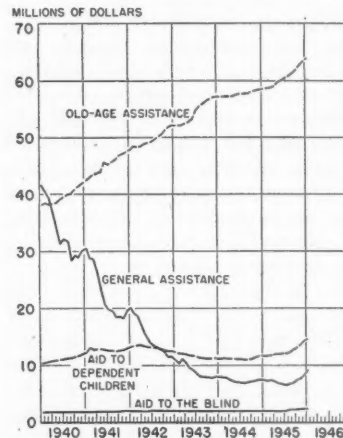
Chart 1.—Recipients of public assistance, January 1940–January 1946



had time to review the recipient's circumstances and determine his continuing need for assistance.

The Social Security Board has ruled that assistance may not be discontinued for a person who is otherwise eligible simply because he is out of the State, if he is only temporarily absent with intent to return when the purposes of his absence have been accomplished. Many States, moreover,

Chart 2.—Payments to recipients of public assistance, January 1940–January 1946



continue assistance for a time to recipients who have moved to a new State and do not intend to return. Such assistance facilitates the adjustment of the recipient in his new surroundings and often provides support until he has met the residence requirements of the new State. In some instances, information as to the recipient's continuing need for assistance is supplied by the recipient

through correspondence. In other instances, the agency making payments requests that an assistance agency in the State to which the recipient has moved obtain the necessary information.

### The Experience of South Dakota

Information from South Dakota, which continues to give assistance to recipients who have moved out of the State until they can establish residence in the new State, illustrates a situation which is not confined to that State. The State and local agencies in South Dakota made two special studies in 1945 to find the total number of recipients of assistance from South Dakota who were living in other States, the number of persons aided by other States while living in South Dakota, and the reasons recipients of old-age assistance left South Dakota.<sup>1</sup>

**Out-of-State recipients aided.**—In February 1945, 667 persons receiving

<sup>1</sup> These studies are reported by Fern L. Chamberlain, Chief of Research and Statistics of the State Department of Social Security, in the Department's publication, *Public Welfare in South Dakota*, March 1945 (pp. 6-7) and November-December 1945 (pp. 1-5).

Table 2.—Old-age assistance: Recipients and payments to recipients, by State, January 1946<sup>1</sup>

State	Number of recipients	Payments to recipients		Percentage change from—				State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	December 1945 in—		January 1945 in—				Total amount	Average	December 1945 in—		January 1945 in—	
				Number	Amount	Number	Amount					Number	Amount	Number	Amount
Total.....	2,059,312	\$63,962,322	\$31.06	+0.2	+0.9	(*)	+8.9	Mo.....	102,037	\$2,704,824	\$26.51	+0.4	+1.8	+0.6	+16.3
Ala.....	34,389	538,692	15.66	+9	+1.8	+11.1	+9.1	Mont.....	10,716	344,759	32.17	(*)	+3	-1.3	+5.2
Alaska.....	1,340	52,300						Neb.....	24,022	765,775	31.88	+2	+5	-2.2	+10.9
Ariz.....	9,513	368,556	38.74	+1	+2	-1	+5	Nev.....	1,929	74,556	38.65	-4	-2	-1.1	-3
Ark.....	25,737	429,127	16.67	-2	+2	-9.5	-16.3	N.H.....	6,591	201,325	30.55	+2	+1	-2	+5.9
Calif.....	159,824	7,585,718	47.46	+2	+2	+1.2	+1.5	N.J.....	23,081	754,661	32.70	-5	-4	-5.3	+5
Colo.....	40,685	1,686,950	41.46	+7	+7	-7	-3	N.Mex.....	6,238	193,148	30.96	+1.2	+1.4	+11.3	+6.9
Conn.....	14,239	666,669	39.80	0	+7	+1.4	+14.4	N.Y.....	103,629	3,977,440	38.38	-2	+1.2	-1.8	+6.6
Del.....	1,221	22,191	18.17	+7	+2.7	-13.2	+5.0	N.C.....	33,055	454,192	13.74	+2	+1.5	+4	+15.6
D. C.....	2,301	77,294	33.59	-7	-5.3	-8.7	+1.6	N.Dak.....	8,648	294,915	34.10	+1	+7	-1.4	+3.4
Fla.....	42,913	1,276,016	29.73	+7	+1.2	+7.6	+11.9	Ohio.....	116,815	3,629,000	31.07	-2	+2	-3.6	+1.7
Ga.....	66,149	778,456	11.77	-7	-7	-1.7	+3.1	Okl.....	82,599	2,910,356	35.23	+8	+9	+7.0	+30.9
Hawaii.....	1,461	36,291	24.84	0	+1	+1.2	+12.9	Oreg.....	20,633	798,994	38.72	+5	+9	+4.1	+16.4
Idaho.....	9,727	316,016	32.49	+3	+5	-2	+7.2	Pa.....	83,941	2,576,146	30.69	+1	-4	+2	+6.4
Ill.....	122,853	4,091,859	33.31	+3	+3	-5	+6.8	R.I.....	7,447	258,108	34.66	+3	+4	+2.7	+8.1
Ind.....	54,191	1,415,095	26.11	-3	-1	-5.1	-1.0	S.C.....	22,052	350,885	15.91	+3	+6	+3.2	+17.7
Iowa.....	48,597	1,603,505	33.00	-2	+3	-3.2	+4.2	S.Dak.....	12,684	337,386	26.60	-2	+2	-1.4	+5.9
Kans.....	28,803	866,804	30.30	+5	+5	+1.0	+6.0	Tenn.....	37,724	610,091	16.17	-6	-3	-1.2	-3.8
Ky.....	45,583	529,337	11.61	-1	-9	-11.2	-8.9	Tex.....	174,662	4,296,652	24.60	+6	+1.2	+3.2	+16.5
La.....	36,594	847,024	23.15	-9	-1.1	+5	+3.6	Utah.....	12,797	498,080	38.92	0	+2	-2.3	+2.7
Maine.....	15,001	455,908	30.39	+3	+8	+4	+6.0	Vt.....	5,136	120,427	23.45	-3	(*)	-1.9	+7.6
Md.....	11,509	325,970	28.32	-4	-8	-2.7	+2.2	Va.....	14,883	225,712	15.17	-6	+4	-3.7	+10.1
Mass.....	76,495	3,458,344	45.21	+8	+3.2	+1.4	+11.1	Wash.....	63,732	3,356,504	52.67	+1.7	+6.2	+6.4	+47.8
Mich.....	80,894	2,863,624	32.96	+4	+9	+2.2	+12.2	W.Va.....	18,315	308,395	16.84	-5	-3	-1.2	-8.3
Minn.....	54,205	1,777,036	32.78	+1	+3	-3.2	+8.2	Wis.....	45,742	1,584,640	30.27	+2	+9	-7	+5.8
Miss.....	26,736	432,256	16.17	-2	+2	-5.6	+2.6	Wyo.....	3,444	134,313	39.00	+3	+3	+1.8	+21.4

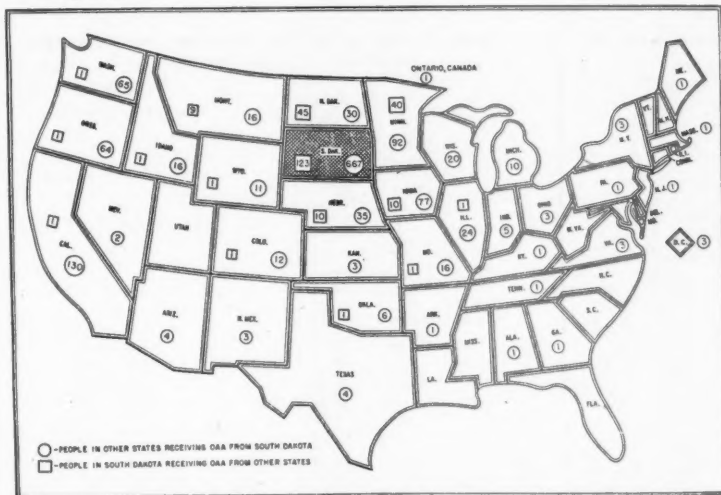
<sup>1</sup> For definitions of terms see the *Bulletin*, July 1945, pp. 27-28. All data subject to revision.

(\*) Increase of less than 0.05 percent.

<sup>2</sup> Estimated.

(\*) Decrease of less than 0.05 percent.

Chart 3.—People in other States receiving old-age assistance from South Dakota and people in South Dakota known to be receiving assistance from other States, February 1945



old-age assistance from South Dakota were living in other States. They were found in 34 States, the District of Columbia, and in Canada. Almost two-fifths were in the 6 States adjacent to South Dakota and about as many in the 3 Pacific Coast States (chart 3). At about the same time, South Dakota was giving aid to the blind to only 4 recipients, and aid to dependent children to 30 families, who were then living in other States. The out-of-State recipients comprised 5 percent of all recipients of old-age assistance in South Dakota, about 2 percent of the number receiving aid to the blind, and 2 percent of the families receiving aid to dependent children. By November 1945 the out-of-State recipients of old-age assistance and aid to dependent children were somewhat less numerous than in March.

**Reasons for leaving State.**—Most of the aged recipients who had left South Dakota appear to have moved to be with or near relatives. The study found that, of the 515 out-of-State recipients in November 1945, more than 7 out of 8 were living with near relatives in the new State. In most instances, the relatives had left South Dakota sometime earlier, but the recipient had stayed on until failing health, death of spouse, or other change in his situation made desirable a move that would enable him to obtain care or avoid living alone. Some aged recipients had gone to another

State to help relatives; to care for someone who was ill, or to stay with a daughter whose husband was in the armed forces. In certain instances, more than one child furnished shelter to aged recipients during a year and the family's plan necessitated the recipient's living out of the State for part of the year. For some recipients, the new home provided more conveniences or better medical care.

The reasons for leaving South Dakota for the recipients who were not living with relatives are summarized as follows:

"The 48 recipients who were out of the State and not with relatives included 12 who had entered a home or hospital in a neighboring state; 14 who had gone, usually on the orders of a physician, to a climate which would be better for their health; eight who were seeking opportunity for employment for themselves or their wives; and 13 who moved into town or where they could find an available house, this move involving the crossing of the State line. In one instance a man with no particular home who was accustomed to hitchhiking about the country became stranded in a border State and has remained there as he is not well enough to continue hitchhiking."

As might be expected from the analysis of the major reasons for leaving South Dakota, the out-of-State recipients include a somewhat larger proportion of older persons, of women, and of widowed individuals than the total recipient group. A larger pro-

portion of the out-of-State group, also, has received assistance continuously since 1936.

**Length of time out of State.**—Recipients do not always know whether they are leaving the State for a temporary period or permanently. The State agency has found that "a person may speak of 'visiting' his relatives even though it is improbable that he will ever return to his former home." In the following tabulation, as of November 1, 1945, the dates of the most recent departure from the State indicate the length of time in which South Dakota has continued to assist some of these recipients. Even of those who have returned to the State at least once, more than one-third had been away continuously for more than a year when the study was made.

Date of most recent move	Number of recipients who moved—		
	Total	Once	More than once
Total number.....	517	249	268
July-Nov. 1945.....	141	58	83
Jan.-June 1945.....	77	41	36
1944.....	113	57	56
1943.....	119	61	58
1942.....	51	25	26
1941.....	12	4	8
1940.....	3	2	1
1939.....	1	1	—

<sup>1</sup> Includes 2 recipients whose payments were temporarily suspended.

The residence requirements of other States show why South Dakota has aided some of these recipients for 4 years or more. All the States adjacent to South Dakota except North Dakota, and all the Pacific Coast States to which South Dakota recipients also had gone in comparatively large numbers, require 5 years' State residence to establish eligibility for old-age assistance. South Dakota, on the other hand, requires only 2 years and North Dakota only 1 year, except for persons moving from another State, who must live in North Dakota the same length of time as the other State requires for North Dakota residents.

**Persons in South Dakota aided by other States.**—No State has complete information on the number of persons living in the State who receive payments from other States. The assistance agencies in the new State

have contact with these persons only if they come to the agencies or if the agencies in the States providing

assistance request their services. Between January 1944 and March 1945, requests for such service from South

Dakota agencies were made by other States in behalf of 206 aged recipients. By the first of March, 123 of

Table 3.—General assistance: Cases and payments to cases, by State, January 1946<sup>1</sup>

State	Number of cases	Payments to cases		Percentage change from—			
		Total amount	Average	December 1945 in—		January 1946 in—	
				Number	Amount	Number	Amount
Total <sup>2</sup>	274,000	\$9,255,000	\$33.72	+7.3	+10.3	+5.9	+23.6
Ala.	3,566	51,231	14.37	+1.1	+1.3	+16.7	+16.3
Alaska	<sup>3</sup> 250	<sup>4</sup> 6,000					
Ariz.	2,194	70,209	32.00	+5.1	+6.7	+2.7	+9.6
Ark.	2,689	32,431	12.06	+2.9	+3.0	-2.9	+6
Calif.	16,053	612,115	38.13	+11.7	+6.9	+38.0	+45.8
Colo.	3,252	107,504	33.06	+1.2	+3.6	-29.3	-24.4
Conn.	<sup>5</sup> 3,101	<sup>6</sup> 112,657	36.33	+4.8	+4.2	+18.5	+22.5
Del.	403	11,056	27.43	+7.8	+12.3	+17.2	+29.9
D. C.	750	28,782	38.38	+1.8	-2.8	-6.5	+2.2
Fla.	<sup>7</sup> 3,900	<sup>8</sup> 39,000					
Ga.	2,754	36,369	13.21	-1.5	-1.0	+9	+6.3
Hawaii	627	22,744	36.27	+5.6	+10.7	+14.6	+36.1
Idaho	496	11,587	23.36	+2.1	+1.5	-20.8	-10.0
Ill.	20,766	801,485	38.60	+2.7	+4.5	-16.8	-4.2
Ind.	8,834	226,705	25.66	+21.1	+30.8	+44.2	+59.6
Iowa	4,024	97,720	24.28	+1	+8.8	-8.0	+9.5
Kans.	3,518	112,785	32.06	+3.1	+4.4	+4.1	+16.7
Ky.	<sup>9</sup> 1,600	<sup>10</sup> 26,000					
La.	6,742	144,196	21.39	-1.0	+9	+3.7	+21.9
Maine	2,240	80,086	35.75	+9.2	+8.0	+8.0	+14.4
Md.	6,008	210,809	35.09	+2.6	+1.4	+30.8	+35.6
Mass.	13,755	502,532	36.53	+6.6	+4.4	+8.4	+19.2
Mich.	21,540	1,001,156	46.48	+29.9	+42.3	+104.7	+182.5
Minn.	5,525	183,359	33.19	+4.6	+5.7	-5.0	+11.1
Miss.	351	3,033	8.64	+1.4	+4.4	+16.2	+34.9
Mo.	9,111	220,190	24.17	+5.5	+10.0	+12.1	+7.2
Mont.	1,114	27,715	24.88	-6.2	-2.2	-10.3	-9.7
Nebr.	1,874	45,788	24.43	+1.5	+4.9	+17.9	+36.3
Nev.	257	5,209	20.27	+2.8	-5.4	+7.5	+20.1
N. H.	1,187	36,271	30.56	+1.9	+2.8	-9.0	-4.5
N. J.	5,185	187,608	36.18	+5.6	+4.4	+5.7	+15.2
N. Mex.	1,369	24,289	17.74	-1.6	-3.1	+26.4	+6.8
N. Y.	<sup>11</sup> 37,351	<sup>12</sup> 1,811,682	48.50	+5.5	+6.6	-3.5	+2.0
N. C.	2,641	31,202	11.81	-4.4	-2.1	+3.2	+18.3
N. Dak.	693	18,857	27.21	+6.8	+12.6	+1.3	+12.3
Okla.	13,961	453,922	32.51	+8.1	+8.2	+19.0	+33.9
Ola.	<sup>13</sup> 5,002	<sup>14</sup> 51,039					
Oreg.	4,827	206,571	42.79	+16.1	+8.8	+36.4	+51.6
Pa.	23,229	707,883	30.47	+8.9	+19.3	+11.7	+41.3
R. I.	2,111	89,122	42.22	+6.3	+8.1	+12.5	+30.4
S. C.	3,218	44,053	13.69	+1.0	-2	+21.9	+54.5
S. Dak.	861	18,647	21.66	+19.3	+12.6	-1.1	-6.3
Tenn.	<sup>15</sup> 1,500	<sup>16</sup> 14,400					
Tex.	<sup>17</sup> 2,900	<sup>18</sup> 49,000					
Utah	1,523	63,896	41.95	+5.8	+7.1	+4.3	+9.9
Vt.	865	24,101	27.86	+8	+3.8	-8.3	+7.3
Va.	3,177	56,018	17.63	+4.6	+7.5	+2	+15.7
Wash.	8,844	429,586	48.57	+9.1	+8.9	-41.7	+49.0
W. Va.	4,304	70,756	16.44	+5.6	+6.1	-12.8	-19.8
Wis.	4,784	144,796	30.27	+3.8	+16.1	-5.1	+9.5
Wyo.	337	11,472	34.04	+3.4	+9.0	-8.2	+7.9

<sup>1</sup> For definitions of terms see the *Bulletin*, July 1945, pp. 27-28. All data subject to revision.

<sup>2</sup> Partly estimated; does not represent sum of State figures, because total excludes payments for, and an estimated number of cases receiving, medical care, hospitalization, and burial only in Indiana and New Jersey, and estimated duplication of cases in Oklahoma.

<sup>3</sup> Estimated.

<sup>4</sup> State program only; excludes program administered by local officials.

<sup>5</sup> Based on actual reports including an estimated 96 percent of cases and payments.

<sup>6</sup> Excludes assistance in kind and cases receiving assistance in kind only and, for a few counties, cash payments and cases receiving cash payments. Amount of payments shown represents approximately 60 percent of total.

<sup>7</sup> Includes unknown number of cases receiving medical care, hospitalization, and burial only, and total payments for these services.

<sup>8</sup> Excludes a few cases and a small amount of local funds not administered by the State agency.

<sup>9</sup> Includes cases receiving medical care only; number believed by State agency to be insufficient.

<sup>10</sup> Represents 1,701 cases aided by county commissioners and 3,301 cases aided under program administered by State Board of Public Welfare; amount of duplication believed to be large; average per case and percentage change in number of cases cannot be computed.

Table 4.—Aid to the blind: Recipients and payments to recipients, by State, January 1946<sup>1</sup>

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	December 1945 in—		January 1946 in—	
				Number	Amount	Number	Amount
Total <sup>2</sup>	71,654	\$2,402,934	\$33.54	+0.3	+0.3	-0.6	+13.4
Total, 47 States <sup>3</sup>	55,804	1,803,769	32.32	+3	+6	-8	+8.6
Ala.	798	12,946	16.22	+9	+2.5	+6.3	+5.5
Ariz.	473	22,084	46.69	+1.3	+1.1	+8.5	+11.6
Ark.	1,127	20,935	18.58	-8	-3	-10.0	-17.0
Calif.	5,572	322,704	57.92	+1.3	+1.2	-9	+20.6
Colo.	442	16,200	36.65	0	+4	-11.1	-10.2
Conn.	135	5,228	38.73	0	-6.4	+3.8	+13.4
Del.	12	406	( <sup>4</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>7</sup> )	( <sup>8</sup> )
D. C.	192	7,136	37.17	-5	-5.4	-11.9	-3.6
Fla.	2,305	71,006	30.81	( <sup>9</sup> )	+4	+1.2	+5.0
Ga.	2,012	29,178	14.50	-2	-1	-2.8	+1
Hawaii	62	1,680	27.10	( <sup>10</sup> )	( <sup>11</sup> )	( <sup>12</sup> )	( <sup>13</sup> )
Idaho	198	6,819	34.44	-5	-4	-7.5	+1
Ill.	5,078	175,973	34.65	-3	-4	-3.1	+2.8
Ind.	1,918	86,250	29.33	-4	-7	-9.1	-11.1
Iowa	1,201	44,460	37.02	-7	-4	-3.1	+5.1
Kans.	1,051	34,750	33.06	+5	+1.4	-2.0	+5.1
Ky.	1,559	20,439	13.11	+2	+3	-3.6	-2.4
La.	1,373	36,178	26.35	+7	+1	-2.2	-7
Maine	800	25,066	31.33	-1.0	-1.0	-3.6	+2.7
Md.	426	13,571	31.86	-1.4	-1.1	-4.7	+3
Mass.	1,008	46,574	46.20	0	+3	+5.5	+14.9
Mich.	1,288	46,154	35.83	+1.1	+1.2	+2.9	+9.1
Minn.	939	36,007	38.35	-9	-3.2	+3	+5.6
Miss.	1,478	33,412	22.61	+1.3	+1.5	+1.8	+19.6
Mo.	<sup>14</sup> 2,861	<sup>15</sup> 76,530	<sup>16</sup> 30.00	+1.6	+1.6	-2.9	+16.5
Mont.	344	12,119	35.23	+2.1	+2.3	+9.2	+21.0
Nebr.	434	14,039	32.35	-2	-3	-5.4	+16.0
Nev.	29	1,233	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>19</sup> )	( <sup>20</sup> )	( <sup>21</sup> )
N. H.	277	8,802	31.78	-4	+7	+1.8	+7.8
N. J.	536	18,544	34.60	+8	+6	-2.0	+6.3
N. Mex.	241	6,832	28.35	+2.1	+1.8	-4.4	-7.8
N. Y.	3,036	129,074	42.51	0	+5	+4.7	+15.8
N. C.	2,446	50,062	20.47	+8	+2.4	+6.9	+27.3
N. Dak.	109	3,731	34.23	0	+6	-8.4	-4.4
Ohio	3,059	85,162	27.84	+6	+7	-1.1	+3.6
Okla.	1,896	68,974	36.38	-1	( <sup>22</sup> )	+2.0	+18.1
Oreg.	374	17,950	47.99	0	+1	-1.1	+4.7
Pa.	<sup>23</sup> 12,960	<sup>24</sup> 512,102	<sup>25</sup> 39.61	-2	-8	+6	+33.5
R. I.	107	3,578	33.44	-9	+2	( <sup>26</sup> )	( <sup>27</sup> )
S. C.	982	20,461	20.84	+1.3	+1.6	+9.6	+14.5
S. Dak.	209	5,040	24.11	0	+7	-1.9	+7.8
Tenn.	1,542	30,751	19.94	-4	-2	+3	-8
Tex.	4,614	117,389	25.44	+1.6	+2.8	-3	+4.7
Utah	136	5,723	42.08	+1.5	+4.7	+5.4	+9.3
Vt.	164	5,122	31.23	-1.2	+4	+7.2	+17.2
Va.	958	18,344	19.15	-2	( <sup>28</sup> )	-6	+9.0
Wash.	604	34,995	57.94	+1.3	+3.2	+3	+47.6
W. Va.	811	15,604	19.24	-1	-3	-7	-14.0
Wis.	1,363	41,566	30.50	-1.0	-3	-6.8	-1.0
Wyo.	115	4,751	41.31	-9	-4	-9	+8.0

<sup>1</sup> For definitions of terms see the *Bulletin*, July 1945, pp. 27-28. Figures in italics represent programs administered without Federal participation. Data exclude program administered without Federal participation in Connecticut, which administers such program concurrently with program under the Social Security Act. Alaska does not administer aid to the blind. All data subject to revision.

<sup>2</sup> Under plans approved by Social Security Board.

<sup>3</sup> For description of concurrent program see the *Bulletin*, April 1945, p. 26.

<sup>4</sup> Not computed. Average payment not calculated on base of less than 50 recipients; percentage change, on less than 100 recipients.

<sup>5</sup> Payments under approved plan first made in November 1945.

<sup>6</sup> Decrease of less than 0.05 percent.

<sup>7</sup> Represents statutory monthly pension of \$30 per recipient; excludes payments for other than a month.



these individuals were receiving assistance from 14 other States. Of the rest, 43 had returned to their home States, 8 had been approved for assistance in South Dakota, and 31 had died or no longer needed assistance.

The experience of South Dakota

emphasizes that if recipients of assistance are not to be distinguished from the rest of the American population by a marked lack of mobility, they must not be deprived of assistance if they move and are still needy. Some of the problems which resi-

dence requirements create for administrative agencies and for recipients and the recommendations of the Social Security Board in regard to such requirements were discussed in an article by the Chairman of the Board in the February 1946 BULLETIN.

Table 5.—Aid to dependent children: Recipients and payments to recipients, by State, January 1946<sup>1</sup>

State	Number of recipients		Payments to recipients		Percentage change from—					
	Families	Children	Total amount	Average per family	December 1945 in—			January 1945 in—		
					Number of—		Amount	Number of—		Amount
					Families	Children		Families	Children	
Total.....	279,881	716,069	\$14,726,462	\$52.62	+2.0	+2.1	+3.1	+9.9	+11.6	+26.6
Total, 50 States <sup>2</sup> .....	279,818	716,543	14,724,497	52.62	+2.0	+2.1	+3.1	+9.9	+11.6	+26.6
Alabama.....	5,862	16,404	153,854	26.25	+2.8	+3.4	+4.2	+17.2	+19.0	+21.3
Alaska.....	1,498	4,316	2,500	39.85	—	( <sup>3</sup> )	+1.0	+16.2	+7.3	+9.5
Arizona.....	3,966	10,588	106,685	26.90	+2.2	+1.4	+1.0	+16.4	+15.1	+21.3
Arkansas.....	6,986	17,741	606,859	86.87	+3.3	+4.2	+4.0	+9.3	+9.3	+19.3
California.....	3,400	9,365	207,165	60.93	+2.7	+2.8	+4.1	+1.8	+3.7	+71.0
Colorado.....	2,377	5,936	190,684	84.01	+3.7	+3.7	+2.3	+24.3	+21.6	+37.8
Connecticut.....	295	839	16,789	56.91	+2.8	+1.3	+2.9	+12.2	+14.3	+4.7
Delaware.....	696	2,203	45,511	65.39	+3.0	+3.4	+2.0	+23.2	+22.7	+42.8
District of Columbia.....	6,357	15,794	216,394	34.04	+6	+6	+9	+38.4	+40.6	+41.8
Florida <sup>4</sup> .....	4,007	10,098	101,771	25.40	+3	+4	+3	0	+1.6	+2.9
Georgia.....	555	1,703	37,434	67.45	+3.5	+4.2	+4.6	+7.1	+6.9	+27.1
Hawaii.....	1,256	3,437	73,113	58.21	+2.3	+2.7	+4.4	+1.1	+2.1	+54.2
Idaho.....	20,502	49,567	1,328,349	64.79	+1.9	+1.9	+4.1	+4.3	+5.5	+37.6
Illinois.....	6,079	14,326	226,206	37.21	+9	+1.0	+1.4	+7.3	+4.4	+3.2
Indiana.....	3,249	8,289	107,792	33.18	+2.1	+2.6	+2.9	+4.9	+7.5	+28.2
Iowa.....	3,135	8,019	170,321	54.33	+3.6	+3.8	+5.9	+3.8	+5.2	+16.5
Kansas.....	5,337	14,069	114,539	21.46	+2.2	+1	+2.0	+11.9	+9.6	+9.8
Kentucky <sup>5</sup> .....	9,015	23,510	352,672	39.12	+7	+8	+9	+2.4	+2.0	+1.5
Louisiana.....	1,452	4,116	102,360	70.50	+3.0	+3.5	+4.6	+11.5	+11.8	+29.9
Maine.....	3,372	9,751	129,237	38.33	+3.1	+3.3	+3.2	+20.4	+21.4	+23.1
Maryland.....	7,676	19,123	655,573	85.41	+2.5	+2.6	+2.9	+7.8	+9.0	+17.6
Massachusetts.....	14,391	34,666	996,189	68.53	+3.0	+3.2	+3.6	+15.1	+15.0	+31.2
Michigan.....	4,758	12,070	250,975	82.75	+2.0	+2.3	+3.3	+4.7	+3.4	+21.7
Minnesota.....	3,117	8,199	81,836	26.25	+1.8	+2.5	+2.2	+7.2	+9.9	+8.8
Mississippi.....	12,565	33,056	449,493	35.77	+2.9	+3.0	+3.3	+16.8	+21.0	+25.2
Missouri.....	1,307	3,341	67,248	51.45	+1.9	+1.0	+3.7	+5	+1.6	+50.1
Montana.....	2,270	5,371	143,330	63.14	+2.6	+2.3	+5.3	+5.2	+3.3	+83.0
Nebraska <sup>6</sup> .....	63	186	1,965	31.19	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Nevada.....	858	2,194	60,597	70.63	+2.5	+2.4	+2.4	+22.0	+26.4	+38.2
New Hampshire.....	3,391	8,573	214,656	63.30	+1.9	+1.3	+3.3	+1.8	+8	+12.0
New Jersey.....	2,635	6,972	97,608	37.04	+1.0	+1.3	+1.0	+16.5	+8.9	+6.7
New Mexico.....	25,329	61,809	2,066,210	81.57	+3.0	+3.0	+2.9	+35.4	+41.9	+47.9
New York.....	6,288	16,787	171,197	27.23	+2.0	+2.1	+3.5	+1.7	+8.2	+19.4
North Carolina.....	1,398	3,887	80,704	57.73	+1.7	+1.9	+4.7	+7.9	+6.5	+1.8
Ohio.....	7,718	21,127	442,461	57.33	+1.0	+1.2	+8	+1.0	+2.6	+7.9
Oklahoma.....	16,757	40,838	586,291	34.99	+2.8	+2.9	+2.9	+15.5	+18.7	+21.5
Oregon.....	1,282	3,139	106,512	83.08	+3.9	+4.0	+5.1	+6.5	+7.1	+14.0
Pennsylvania.....	27,049	71,761	1,775,152	65.63	+4.9	+4.9	+4.5	+24.6	+24.3	+46.5
Rhode Island.....	1,546	3,942	105,751	68.40	+2.4	+1.9	+3.1	+32.2	+28.9	+33.1
South Carolina.....	3,952	11,500	91,225	23.08	+2.0	+1.3	+2.2	+11.7	+11.1	+7.6
South Dakota.....	1,517	3,699	58,560	38.60	+2.0	+1.5	+2.5	+4.4	+9.0	+22.9
Tennessee.....	11,253	29,705	344,987	30.66	+4	+5	+7	+2.1	+3.6	+1.0
Texas.....	9,336	21,356	207,171	22.19	+6.3	+4.2	+2.8	+13.5	+9.5	+8.0
Utah.....	1,903	5,154	142,816	75.05	+1.0	+1.7	+2.5	+2.8	+4.1	+6.2
Vermont.....	597	1,562	21,106	35.35	+3.5	+3.6	+3.8	+8.7	+12.0	+12.9
Virginia.....	3,674	10,447	123,257	33.55	+1.8	+3.3	+2.6	+4.7	+4.9	+25.2
Washington.....	4,271	10,554	418,956	98.09	+5.0	+5.0	+8.5	+28.6	+29.1	+47.0
West Virginia.....	7,282	20,360	226,273	31.07	+1.1	+1.1	+1.8	+6.7	+6.8	+3
Wisconsin.....	5,956	14,470	371,295	62.34	+2.2	+2.4	+4.2	( <sup>7</sup> )	+1.1	+14.5
Wyoming.....	301	866	18,133	60.24	+3.1	+4.7	+3.9	+3	+5.9	+25.5

<sup>1</sup> For definitions of terms see the *Bulletin*, July 1945, pp. 27-28. Figures in italics represent program administered without Federal participation. Data exclude programs administered without Federal participation in Florida, Kentucky, and Nebraska, which administer such programs concurrently with programs under the Social Security Act. All data subject to revision.

<sup>2</sup> Under plans approved by Social Security Board.

<sup>3</sup> Estimated.

<sup>4</sup> Increase of less than 0.05 percent.

<sup>5</sup> For description of concurrent program see the *Bulletin*, April 1945, p. 26.

<sup>6</sup> Not computed. Average payment not calculated on base of less than 50 families; percentage change, on less than 100 families.

<sup>7</sup> Decrease of less than 0.05 percent.

## Social and Economic Data

### Social Security and Other Income Payments

#### Income Payments to Individuals

Income payments to individuals during January—\$13 billion—were 1.1 and 4.3 percent below the amounts in December and January 1945, respectively. Declines in compensation of employees and in military allowances more than offset gains in all other categories of income payments.

Compensation of employees fell more than 10 percent below the amount a year earlier and represented less than two-thirds of all income payments, as compared with 71 percent in January 1945. Wages and salaries were off 12 percent in covered industries and 19 percent in the noncovered group. Pay rolls in excluded employment as a whole have been declining since July 1945, with the most substantial decreases in Government pay rolls. Compared with the levels a year earlier, Government salaries in January fell off by some \$675 million, a decline of 27 percent; railroad wages decreased 3.6 percent; while wages in agriculture and domestic service remained practically unchanged. Mustering-out pay, included in compensation of employees, rose from \$17 million in January 1945 to nearly \$400 million this January.

Military allowances continued downward at a sharply accelerated rate. In January these payments were 21 percent below the December level and 39 percent under the amount a year earlier. The decline may be expected to continue at least until voluntary enlistments in the armed forces catch up with separations; dependents of enlisted personnel are now entitled to family allotments under a recent amendment to the Servicemen's Dependents Allowance Act of 1942.

The rise in social insurance and related payments, which were nearly one-fourth higher than in December and 152 percent above the January 1945 amount, is attributed primarily to substantial increases in State unemployment compensation payments and in readjustment allowances to unemployed veterans.

Less substantial increases occurred in dividends and interest and in direct relief payments, which both stood about one-tenth higher than in January 1945, and in entrepreneurial income, net rents, and royalties, which increased 4.3 percent.

#### Social Insurance and Related Payments

Payments in January under the selected programs (table 2) totaled \$387 million, 27 percent above the December total and nearly 3½ times the amount a year earlier. These payments represented 83 percent of all social insurance and related payments as estimated by the Department of Commerce.

For the first time, payments to self-employed veterans under the Servicemen's Readjustment Act of 1944 are

included in the series. Readjustment allowances for unemployment are paid weekly by State unemployment compensation agencies, which are later reimbursed by the Veterans Administration, but payments to self-employed veterans are made monthly from a special fund in the Treasury. The number of self-employed veterans shown in table 2 represents the number receiving payments in the months indicated, although such payments relate to earlier periods. The payments, made to veterans whose earnings from self-employment are less than \$100 a month, equal the difference between the veteran's earnings during the month and \$100. The unemployment allowances were first paid in September 1944, but the first payments to self-employed veterans were not made until November, because October 1944 was the first full month which could be credited toward self-employment. Consequently, pay-

Table 1.—Income payments to individuals, by specified period, 1936-46<sup>1</sup>

(In millions; data corrected to Mar. 6, 1943)

Calendar year and month	Total <sup>2</sup>	Compensation of employees <sup>3</sup>	Entrepreneurial income, net rents, and royalties	Dividends and interest	Public aid		Social insurance and related payments <sup>6</sup>	Military allowances <sup>7</sup>
					Work relief <sup>4</sup>	Direct relief <sup>5</sup>		
1936.....	\$68,024	\$40,027	\$13,003	\$9,785	\$2,155	\$672	\$955	-----
1937.....	72,365	44,689	14,162	9,891	1,639	836	1,030	-----
1938.....	66,135	40,845	12,369	8,233	2,094	1,008	1,529	-----
1939.....	70,793	43,870	13,441	8,891	1,870	1,071	1,616	-----
1940.....	76,210	48,218	14,313	9,175	1,578	1,097	1,801	-----
1941.....	92,710	60,262	18,599	9,761	1,213	1,112	1,744	-----
1942.....	117,311	79,970	23,933	9,771	586	1,061	1,844	\$136
1943.....	143,089	101,813	27,161	10,389	57	940	1,703	1,020
1944.....	156,723	112,043	28,017	11,195	-----	914	1,970	2,548
1945.....	160,605	111,360	29,894	12,504	-----	988	2,945	2,929
1946.....								
January.....	13,538	9,589	2,472	970	-----	80	185	241
February.....	13,723	9,625	2,608	980	-----	80	187	243
March.....	13,660	9,621	2,531	990	-----	80	194	244
April.....	13,562	9,545	2,491	1,002	-----	80	195	249
May.....	13,538	9,486	2,504	1,012	-----	81	202	253
June.....	13,692	9,520	2,493	1,024	-----	81	200	257
July.....	13,622	9,509	2,479	1,032	-----	81	219	259
August.....	13,207	9,143	2,441	1,042	-----	82	226	259
September.....	12,817	8,797	2,359	1,051	-----	83	292	258
October.....	12,952	8,792	2,428	1,060	-----	85	330	252
November.....	13,192	8,895	2,551	1,098	-----	87	359	228
December.....	13,102	8,838	2,537	1,073	-----	88	377	186
1946.....								
January.....	12,960	8,596	2,579	1,079	-----	90	456	147

<sup>1</sup> Compensation of employees; entrepreneurial income, net rents, and royalties; and dividends and interest adjusted for seasonal variation.

<sup>2</sup> Includes veterans' bonus; January payments were \$3 million.

<sup>3</sup> Wage and salary payments minus deductions for employee contributions to social insurance and related programs. Includes industrial pensions, payments to the armed forces, and mustering-out pay.

<sup>4</sup> Earnings of persons employed by NYA, WPA, and CCC.

<sup>5</sup> Payments to recipients under 3 special public assistance programs and general assistance, value of food stamps under food stamp plan, and farm subsistence payments.

<sup>6</sup> Payments of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, workmen's compensation, State unemployment insurance, railroad unemployment insurance, veterans' pensions and compensation, readjustment allowances to unemployed and self-employed veterans, and subsistence allowances to veterans during educational training.

<sup>7</sup> Government portion of payments to dependents of members of the armed forces; portion deducted from military pay included under compensation of employees as part of military pay rolls.

Source: Department of Commerce, Bureau of Foreign and Domestic Commerce.

Table 2.—Selected social insurance and related programs, by specified period, 1940-46

[In thousands; data corrected to Mar. 7, 1946]

Calendar year and month	Total	Retirement, disability, and survivor programs										Unemployment insurance programs				Pay-ments to self-em-ployed veter-ans under the Ser-vice men's Read-justment Act <sup>14</sup>
		Monthly retirement and dis-ability benefits <sup>1</sup>				Survivor benefits						Rhode Island sick-ness com-pensa-tion <sup>10</sup>	State unem-ploy-ment com-pensa-tion laws <sup>10</sup>	Ser-vice-men's Read-justment Act <sup>11</sup>	Rail-road Unem-ployment Insurance Act <sup>12</sup>	
						Monthly			Lump-sum <sup>2</sup>							
		Social Security Act <sup>3</sup>	Rail-road Retirement Act <sup>4</sup>	Civil Ser-vice Com-mis-sion <sup>5</sup>	Veter-ans Ad-minis-tration <sup>6</sup>	Social Security Act <sup>3</sup>	Rail-road Retirement Act <sup>4</sup>	Veter-ans Ad-minis-tration <sup>7</sup>	Social Security Act <sup>3</sup>	Rail-road Retirement Act <sup>4</sup>	Civil Ser-vice Com-mis-sion <sup>5</sup>	Veter-ans Ad-minis-tration <sup>8</sup>				
Number of beneficiaries																
1945																
January	522.6	163.9	84.8	982.3	467.0	4.3	380.9	15.4	1.5	1.5	3.7	4.4	104.8	23.7	1.9	1.3
February	533.9	164.9	85.4	1,008.1	479.4	4.2	386.3	15.4	1.4	1.5	3.4	4.3	100.1	26.1	1.8	2.2
March	547.1	165.5	86.0	1,037.8	494.7	4.3	405.7	18.7	2.0	2.8	3.8	5.0	103.2	27.8	1.6	4.0
April	558.4	166.0	86.6	1,070.3	510.0	4.3	459.5	17.0	1.9	2.0	3.7	5.3	87.2	28.3	1.2	6.3
May	570.6	166.4	87.3	1,105.6	523.7	4.3	500.9	18.5	2.2	2.3	4.4	7.2	98.0	28.1	.8	8.9
June	582.0	167.1	88.0	1,144.2	537.0	4.4	537.3	17.0	1.9	2.0	4.6	7.1	129.4	31.8	.8	10.6
July	595.3	167.8	88.8	1,194.3	546.8	4.4	570.7	14.7	1.7	2.0	4.7	6.4	185.5	38.5	.6	11.9
August	609.4	168.5	89.4	1,245.8	554.2	4.4	600.8	14.7	1.7	1.8	4.7	5.8	230.5	44.1	1.2	12.4
September	624.4	169.5	89.9	1,309.3	564.1	4.4	628.8	12.1	1.8	1.4	4.7	5.0	612.1	73.2	2.1	12.3
October	652.6	170.5	90.9	1,389.8	579.5	4.4	650.1	16.6	1.5	1.7	5.0	4.9	1,271.7	122.9	5.8	12.6
November	677.7	171.8	91.7	1,464.8	592.0	4.4	680.2	12.9	1.4	1.3	4.1	4.5	1,313.5	217.7	9.3	13.5
December	695.9	172.9	92.5	1,533.6	601.2	4.4	697.5	13.2	1.3	.7	3.8	4.4	1,319.0	405.0	12.7	21.1
1946																
January	724.9	174.2	93.7	1,620.7	613.8	4.4	725.0	17.8	1.8	2.6	4.5	4.4	1,638.0	695.5	21.9	44.0
Amount of benefits <sup>14</sup>																
1940	\$1,188,702	\$21,074	\$114,166	\$62,019	\$317,851	\$7,784	\$1,448	\$105,696	\$11,736	\$2,497	\$5,810	\$3,960	\$518,700	\$15,961		
1941	1,085,488	55,141	119,912	64,933	320,561	25,454	1,559	111,799	13,328	3,421	6,170	4,352	344,321	14,537		
1942	1,130,721	80,305	122,806	68,115	325,265	41,702	1,603	111,193	15,038	4,114	6,108	4,120	344,084	6,268		
1943	921,463	97,257	125,795	72,961	331,350	57,763	1,704	116,133	17,830	5,560	7,344	4,350	\$2,857	79,643	917	
1944	1,119,684	119,009	129,707	78,081	456,279	76,942	1,765	144,302	22,146	6,591	7,863	4,784	5,035	62,385	\$4,113	\$102
1945	2,067,365	157,392	137,140	85,742	697,788	104,232	1,772	254,593	26,136	8,138	10,244	5,007	4,669	445,866	114,612	2,359
1946																
January	111,997	11,257	11,065	8,856	46,993	7,507	143	13,891	2,189	599	830	371	318	7,299	2,442	111
February	112,099	11,548	11,184	6,810	46,971	7,755	143	14,404	2,181	534	788	319	290	6,435	2,413	98
March	119,752	11,925	11,253	6,982	49,039	8,094	146	16,042	2,634	764	1,257	388	362	7,242	3,139	100
April	121,845	12,155	11,270	6,974	50,306	8,297	151	18,450	2,370	748	968	363	387	6,179	2,540	63
May	129,463	12,450	11,247	7,119	51,950	8,478	147	22,085	2,563	874	1,102	438	524	7,044	2,501	45
June	136,847	12,701	11,379	7,137	54,804	8,707	152	22,613	2,346	716	956	462	517	9,686	3,572	42
July	145,207	12,974	11,448	7,220	57,228	8,773	148	23,492	2,033	649	928	469	469	14,352	3,778	35
August	152,765	13,348	11,484	7,263	59,483	8,889	149	23,450	2,021	693	842	461	425	17,948	5,013	72
September	191,492	13,666	11,559	7,246	63,558	9,005	150	23,164	1,697	736	672	453	367	50,439	7,457	118
October	265,150	14,599	11,630	7,337	69,602	9,415	148	25,511	2,432	658	835	500	355	106,449	14,088	337
November	279,640	15,221	11,757	7,377	71,174	9,621	147	24,292	1,811	588	700	406	329	108,555	25,770	553
December	305,478	15,548	11,864	7,440	76,680	9,690	149	27,200	1,857	578	366	377	317	106,624	41,900	777
1946																
January	386,794	16,329	11,997	7,542	83,200	9,943	150	28,275	2,539	812	1,396	450	325	134,000	84,000	1,351

<sup>1</sup> Old-age retirement benefits under all acts, disability retirement benefits under the Railroad Retirement and Civil Service Retirement Acts, and disability payments to veterans.

<sup>2</sup> Primary and wife's benefits and benefits to children of primary beneficiaries. Partly estimated.

<sup>3</sup> Age and disability annuitants and pensioners as of 20th of month. Payments represent amounts certified, minus cancellations. Widows receiving both survivor and death-benefit annuities are counted twice, but 2 or more individuals sharing 1 death-benefit annuity are counted as 1. Monthly payments to survivors include annuities to widows under joint and survivor elections and 12-month death-benefit annuities to widows and next of kin.

<sup>4</sup> Retirement and disability benefits include survivor benefits under joint and survivor elections; not adjusted for suspension of annuities of persons reemployed under the National Defense Acts of June 28, 1940, and Jan. 24, 1942. Payments principally from civil-service retirement and disability fund but also include payments from Canal Zone and Alaska Railroad retirement and disability funds administered by Civil Service Commission. Monthly retirement payments include accrued annuities to date of death paid to survivors. Refunds to employees leaving the service are not included but will be summarized twice a year in the Bulletin.

<sup>5</sup> Veterans' pensions and compensation.

<sup>6</sup> Widow's, widow's current, parent's, and child's benefits. Partly estimated.

<sup>7</sup> Payments to widows, parents, and children of deceased veterans.

<sup>8</sup> Number of decedents on whose account lump-sum payments were made, and amount of such payments.

<sup>9</sup> Payments for burial of deceased veterans.

<sup>10</sup> Number represents average weekly number of beneficiaries. Annual amounts adjusted for voided benefit checks; monthly amounts not adjusted. State unemployment compensation data for January 1946 partly estimated.

<sup>11</sup> Readjustment allowances to unemployed veterans only. Number represents average weekly number of veterans paid readjustment allowances during weeks ended in the month. Amounts before July 1945 represent payments during weeks ended in the month; for July and subsequent months, payments are on calendar-month basis. Payments for December 1945 and January 1946 partly estimated.

<sup>12</sup> Number represents average number of persons receiving benefits for unemployment in a 14-day registration period. Annual amounts adjusted for underpayments and recoveries of overpayments; monthly figures not adjusted.

<sup>13</sup> Number of veterans and amount paid during month.

<sup>14</sup> Payments to individuals: amounts certified, under the Social Security and Railroad Retirement Acts (including retroactive payments) and the Railroad Unemployment Insurance Act; disbursements minus cancellations, under Civil Service Commission and Veterans Administration programs; checks issued by State agencies, under State unemployment insurance and Rhode Island sickness compensation programs and under the Servicemen's Readjustment Act.

<sup>15</sup> Preliminary estimate.



ments amounted to only \$102,000 in 1944. In 1945, however, the number and amount of such payments increased almost continuously, and payments totaled \$11.7 million for the year. In January 1946, \$4.5 million was paid to 44,000 veterans, more than double the December number and amount.

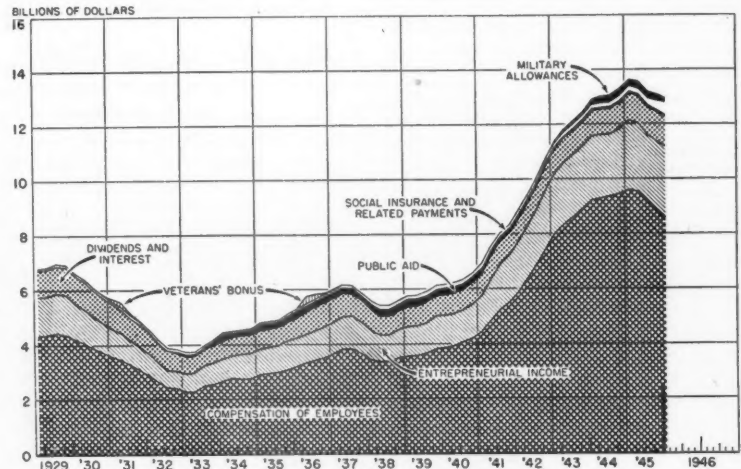
In contrast to unemployment benefits to veterans, which are generally concentrated in the industrial States, self-employment payments bulk largest in the agricultural States. This January, 8 of the 10 States making the largest payments were in the South and accounted for more than half the total paid self-employed veterans. Combined payments in 10 industrial States, in contrast, represented only 10 percent of the national total, and in 5 of these States—Illinois, Massachusetts, Michigan, Ohio, and Pennsylvania—less than 4 percent of the total.

Unemployment insurance benefits, amounting to \$219 million in January, accounted for 57 percent of all payments under the selected programs; a year earlier the proportion was less than 9 percent. Though State unemployment compensation benefits showed a significant increase over the December amount, unemployment allowances to veterans increased even more sharply, and in 26 States exceeded payments to State unemployment compensation beneficiaries.

The \$134 million paid in January to a weekly average of 1.6 million unemployment compensation claimants, representing a 26-percent increase over the December amount, was more than was paid during the first 9 months of 1945 and only slightly less than the total disbursed in 1943 and 1944 combined. Allowances to unemployed veterans totaled \$84 million. The number of veterans receiving allowances increased each week in January to a high point of 833,100 for the week ended January 26; the weekly average for the month was 695,500. Railroad unemployment benefits exceeded \$1 million for the first time since March 1942. Payments to unemployed railroad workers numbered 21,900 during an average 14-day registration period and totaled \$1.4 million for the month.

Retirement and disability payments under the four programs amounted to

Chart 1.—Income payments to individuals, January 1929–January 1946<sup>1</sup>



<sup>1</sup> Monthly average for each quarter for the period 1929–45; monthly data thereafter.

Source: Department of Commerce, Bureau of Foreign and Domestic Commerce.

\$119 million, 56 percent more than in January 1945. The greatest part of the increase is attributable to the rise in disability payments to veterans. Of the 1.6 million monthly payments to veterans of all wars, some 1 million disability payments were made in January to veterans of World War II, and another 16,400 went to retired reserve officers of this war. Disability pensions were increased for some 45,600 veterans who were taking vocational training in January under the provisions of Public Law No. 16; the increased amounts are included in the estimated \$83.2 million paid veterans by the Veterans Administration. Monthly payments under the Social Security and Railroad Retirement Acts and under the civil-service program continued upward, but the amount of increase was relatively small since these programs combined represented less than one-third of all retirement and disability payments in January.

Monthly survivor benefits increased fairly steadily during the 13-month period under the social security and veterans' programs and remained practically unchanged under the railroad program. In January, combined payments under all three programs amounted to \$38.4 million, less than one-tenth of the total disbursed. Lump-sum payments to survivors fluctuated somewhat during the 13-

month period but in January represented less than 2 percent of total disbursements.

The 1,338,700 beneficiaries who received monthly retirement or survivor payments under the Social Security Act in January represent about 837,600 families. The 272,300 beneficiaries receiving monthly retirement, disability, or survivor payments under the railroad and civil-service retirement programs are approximately equal to the number of families receiving benefits, since these programs do not provide supplementary payments for wives and children of retired or disabled workers, and since monthly benefits are not paid to more than one survivor of a deceased annuitant. The 2.3 million monthly beneficiaries under the veterans' programs represent about 2.1 million families.

### Emergency Maternity and Infant Care Program<sup>1</sup>

The emergency maternity and infant care program, established in April 1943 in 13 States, has been in operation since March 1944 in all 48 States, the District of Columbia,

<sup>1</sup> For a brief discussion of the program see the *Bulletin*, May 1944, pp. 43–44; for data for months before January 1945, see the issues for May 1945, p. 48, and September 1944, p. 38.

Alaska, Hawaii, and Puerto Rico. The program provides medical and hospital care to wives and infants of servicemen in the four lowest pay grades without cost to the enlisted man and without financial investigation. These services are also available to the wife and baby of a man who has been promoted or has received an honorable discharge, provided that he was in one of the four

Table 3.—Cumulative number of cases<sup>1</sup> through December 1945, under the emergency maternity and infant care program,<sup>2</sup> by State

State	Date of approval of State plan	Maternity and infant cases		
		Authorized	Completed	Closed without payment
Total		1,093,681	770,338	28,770
Ala.	June 1943	16,580	12,024	1,034
Alaska	July 1943	518	334	5
Ariz.	May 1943	7,579	5,243	333
Ark.	do.	17,455	13,628	480
Calif.	June 1943	79,757	55,098	875
Colo.	Nov. 1943	13,075	9,954	138
Conn.	May 1943	12,745	7,741	317
Del.	Apr. 1943	2,647	2,011	101
Dist. of Col.	June 1943	9,633	6,842	148
Fla.	do.	21,476	13,716	1,674
Ga.	Aug. 1943	18,617	12,502	1,204
Hawaii	May 1943	1,659	1,148	67
Idaho	do.	5,910	4,487	102
Ill.	do.	55,936	43,045	1,003
Ind.	do.	33,646	23,148	541
Iowa	June 1943	20,087	15,293	280
Kans.	May 1943	23,936	18,857	945
Ky.	do.	21,736	16,666	886
La.	Dec. 1943	17,822	13,135	411
Maine	May 1943	6,783	4,544	195
Md.	Apr. 1943	14,566	10,096	418
Mass.	Aug. 1943	31,378	21,178	666
Mich.	May 1943	38,520	27,672	582
Minn.	June 1943	22,578	15,572	248
Miss.	Apr. 1943	18,740	13,282	1,063
Mo.	May 1943	30,676	24,468	1,684
Mont.	June 1943	5,457	3,857	105
Neb.	do.	14,280	9,232	243
Nev.	Apr. 1943	2,248	1,559	228
N. H.	June 1943	3,680	2,576	73
N. J.	Apr. 1943	27,784	19,492	692
N. Mex.	do.	8,178	6,422	297
N. Y.	June 1943	99,352	66,887	907
N. C.	Apr. 1943	33,310	20,686	94
N. Dak.	Mar. 1944	3,581	2,465	25
Ohio	Aug. 1943	48,325	31,396	256
Okla.	Apr. 1943	24,649	18,339	2,479
Oreg.	Sept. 1943	10,813	7,769	170
Pa.	do.	64,067	43,271	1,673
Puerto Rico	Feb. 1944	4,701	2,222	112
R. I.	Apr. 1943	6,012	4,394	171
S. C.	do.	17,849	13,076	762
S. Dak.	May 1943	6,141	5,005	79
Tenn.	July 1943	15,104	10,536	605
Tex.	Dec. 1943	57,332	37,909	2,257
Utah	May 1943	9,460	6,616	75
Vt.	Apr. 1943	4,025	2,302	271
Va.	July 1943	22,242	16,339	310
Wash.	May 1943	21,564	16,154	368
W. Va.	Apr. 1943	15,497	12,213	308
Wis.	May 1943	21,557	16,199	562
Wyo.	Apr. 1943	2,418	1,738	248

<sup>1</sup> Cumulative from beginning of program in each State; time of beginning varies among States from April 1943 to March 1944.

<sup>2</sup> Data reported by State health agencies to Children's Bureau; figures subject to revision.

Source: Children's Bureau.

Table 4.—Number of cases under the emergency maternity and infant care program, by month, January–December 1945<sup>1</sup>

Month	Number of cases authorized <sup>1</sup>		Number of cases completed <sup>1</sup>	
	Maternity	Infant	Maternity	Infant
Cumulative through December 1945 <sup>2</sup>	962,102	131,579	703,219	67,119
1945 total	378,857	70,781	399,348	48,646
January	34,217	6,053	38,135	2,859
February	29,678	5,802	33,254	3,111
March	34,179	7,070	34,895	3,206
April	34,031	6,541	34,551	3,306
May	37,257	6,905	37,558	3,835
June	32,567	5,737	33,338	4,016
July	31,544	5,542	29,032	3,764
August	30,996	5,153	30,669	4,448
September	30,402	5,363	32,532	4,557
October	32,340	6,297	35,261	4,936
November	26,907	5,452	33,194	5,359
December	23,639	4,866	26,929	5,249

<sup>1</sup> Distribution by type estimated. Figures subject to revision.

<sup>2</sup> Cumulative from beginning of program in April 1943.

lowest pay grades at any time during the wife's pregnancy or the baby's first year of life. Wives of servicemen receive complete maternity care, and their infants are entitled to medical and hospital care until they are a year old.

By the end of 1945, some 1.1 million cases had been authorized under the program (table 3). Nearly three-fourths of the maternity cases and roughly half of the infant cases authorized had been completed. Completed cases represented 70 percent of all maternity and infant cases authorized, with the proportion ranging from 47 percent in Puerto Rico to 82 percent in South Dakota.

Less than 3 percent of the cases authorized through December 1945 were closed without any payments having been made, because the individuals had moved, died, withdrawn their applications, or for some other reason had failed to receive the care authorized. Cases closed without payment ranged from 0.3 percent of the cases authorized in North Carolina to more than 10 percent in Nevada, Oklahoma, and Wyoming. In 43 States, such cases represented less than 5 percent of the total number authorized since the beginning of the program.

During 1945, a slightly larger number of maternity cases were completed than were authorized, while infant cases completed represented 69 percent of the total number authorized.

The number of new maternity cases decreased gradually during the year as increasing numbers of servicemen were demobilized and their wives were no longer eligible for care under the emergency program. New infant cases are also decreasing, but since medical care is available until the infants reach their first birthday this decrease will presumably not result in an excess of completed over authorized cases for some time.

### Interest Rates on Trust Fund Investments

During the 10 years from 1936 through 1945, the three social insurance trust funds earned \$1.1 billion in interest. Approximately 50 percent of this amount was earned by the old-age and survivors insurance trust fund, about 45 percent by the unemployment trust fund, and 5 percent by the railroad retirement account. Addition of these interest earnings to the excess of contributions over disbursements raised the assets of the old-age and survivors insurance trust fund to \$7.1 billion on December 31, 1945, those of the unemployment trust fund to \$7.5 billion, and those of the railroad retirement account to \$0.7 billion.

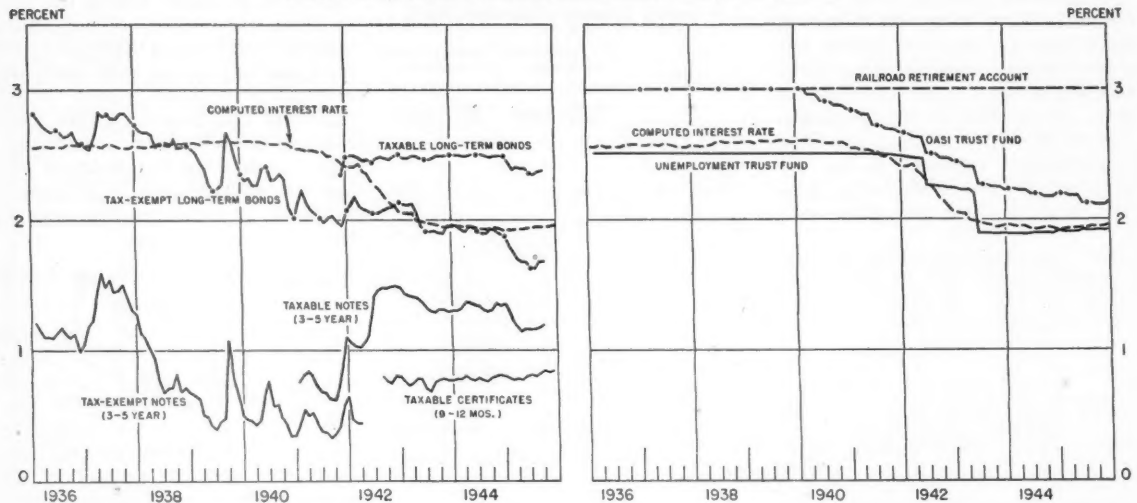
### Interest Rate Provisions

The original Social Security Act stipulated that investments of the old-age reserve account (superseded in 1940 by the old-age and survivors insurance trust fund) must earn at least 3 percent. The 1939 amendments deleted all reference to a minimum yield except on "special" obligations issued to the fund, which are required to bear the average rate on the interest-bearing public debt computed as of the end of the month next preceding the date of issue. If this average is not a multiple of  $\frac{1}{2}$  of 1 percent, the rate is to be that multiple next lower than the average.

The interest provisions for unemployment trust fund investments have remained unaltered since 1936. Those governing rates on special obligations are the same as for the old-age and survivors insurance trust fund. Investments in other issues, however, must not bear rates less than the current rate on special obligations.

Investments of the railroad retirement account, whether special obli-

Chart 2.—Average yields on specified groups of United States obligations, the computed rate of interest on the public debt, and yields on obligations acquired by three social insurance trust funds, 1936-45



gations or other eligible securities, are required by statute to yield a minimum of 3 percent.

In addition to these three funds, the Treasury manages nine other social insurance and related trust funds (table 5). Interest rates on investments of most of these funds are higher than those for the three large social insurance funds, and all the rates are determined administratively rather than by statute.

Table 5.—Size and average yield on investments of social insurance and related trust funds, as of June 30, 1945

Fund	Investments <sup>1</sup> (in thousands)	Average yield <sup>2</sup> (percent)
Unemployment trust fund.....	\$7,307,173	1.923
Old-age and survivors insurance trust fund.....	6,546,281	2.127
National service life insurance fund.....	3,187,125	3.000
Civil-service retirement and disability fund.....	1,848,270	3.998
U. S. Government life insurance fund.....	1,140,585	3.575
Railroad retirement account.....	500,500	3.000
District of Columbia teachers' retirement fund.....	11,490	2.831
Canal Zone retirement and disability fund.....	10,298	3.992
Foreign Service retirement and disability fund.....	7,836	3.998
Alaska Railroad retirement and disability fund.....	1,911	4.000
Longshoremen's and harbor workers' compensation fund.....	344	2.724
District of Columbia workmen's compensation fund.....	48	2.369

<sup>1</sup> Par value.

<sup>2</sup> Based on par value of securities.

Beginning in 1926 increments to the civil-service retirement and disability fund were invested in special obligations yielding 4 percent, the statutory rate set for determining the value of annuities as well as the amount of interest payable on refunds to employees leaving Government service. An act approved August 4, 1939, authorized acceptance of voluntary contributions from Government employees and set the interest rate for determining the additional annuity at 3 percent, 1 percent less than that on mandatory contributions. Voluntary contributions are now invested, correspondingly, at 3 percent.

Similar statutory provisions governing interest rates on contributions were used in administrative determination of the rates on investments of the Foreign Service, Canal Zone, and Alaska Railroad retirement and disability funds. Investment procedures similar to that adopted in 1926 for the civil-service retirement and disability fund were established for these three funds in 1927, 1931, and 1936, respectively. The holdings of the national service life insurance fund, on the other hand, are in 3-percent special obligations. The act setting up this fund does not specify the interest to be earned by investments but provides that premium rates shall be the net rates based on the American experience table of mortality and interest at the rate of 3 percent a year.

A similar provision is contained in the act setting up the U. S. Government life insurance fund, except that 3½ rather than 3 percent interest is to be used in actuarial determination of premiums. This fund, however, is invested in securities of different yields; as of June 30, 1945, these yields varied from 2 to 4½ percent.

The interest rates on investments held by the District of Columbia teachers' retirement fund, the longshoremen's and harbor workers' compensation fund, and the District of Columbia workmen's compensation fund are not subject to either minimum or maximum statutory restrictions. No uniform interest rate has

Table 6.—Average interest rate on interest-bearing public debt and special obligations, and the ratio of special obligations to interest-bearing public debt, as of June 30, 1936-45

June 30—	Average rate of interest on—		Special obligations as percent of interest-bearing public debt
	Interest-bearing public debt (percent)	Special obligations (percent)	
1936.....	2.562	3.316	1.9
1937.....	2.582	3.528	4.4
1938.....	2.589	3.218	7.3
1939.....	2.600	3.091	9.5
1940.....	2.583	3.026	11.3
1941.....	2.518	2.904	12.6
1942.....	2.285	2.682	11.0
1943.....	1.979	2.408	8.0
1944.....	1.929	2.405	7.2
1945.....	1.936	2.436	7.3



been established on investments of these funds, even though the District of Columbia teachers' retirement law contains provisions regarding annuity determination similar to those of the civil-service retirement and disability system.

### Portfolios of Trust Funds

The average yield on investments of social insurance trust funds depends not only on statutory provisions governing yields but also on the amounts of different securities held.

The old-age and survivors insurance trust fund was invested exclusively in special obligations from January 1937 to February 1942. Subsequently, a part was invested in regular Treasury bonds. At the end of 1945, when the fund's investments totaled \$7 billion, 23 percent was in 2½-percent bonds, 25 percent in special certificates of indebtedness, and 52 percent in special Treasury notes. The bonds were acquired on original issue at par and bear the interest rate fixed at time of issue. The yields borne by the special certificates and notes vary with the average rate on the interest-

bearing public debt prevailing at the time of their acquisition. The Treasury notes held have a maximum maturity of 5 years and were all acquired before June 1944. The special certificates, all acquired subsequently, have a maximum life of 1 year. The fund has therefore been increasing its holdings of marketable Treasury bonds, which yield more than the average computed rate, and also converting note holdings, as they mature, into certificates of indebtedness. Cash requirements have been met by redemption of certificates of indebtedness.

Investments of the unemployment trust fund from 1936 through 1941 were exclusively in special certificates of indebtedness. In 1942 the fund acquired \$90 million of 2½-percent Treasury bonds, representing 2 percent of its total investments at that time. At the end of 1945, investments totaled \$7 billion, of which 9 percent consisted of 2½-percent regular bonds and 91 percent, of 1½-percent special certificates of indebtedness. The preponderance of certificates with a maximum life of 1 year is due to the possibility of wide fluctuations in unem-

ployment and the need for large and sudden withdrawals. Some longer-term bonds were purchased during the war, when employment conditions were such that large withdrawals were not anticipated.

Since its creation in July 1937, the railroad retirement account has been invested exclusively in 3-percent special Treasury notes. At the end of 1945, it held \$644 million of these notes.

This brief summary emphasizes the preponderance of special obligations in the investment holdings of the three major social insurance funds. A similar investment policy has been followed for related trust funds. At the end of June 1945 the civil-service, Alaska Railroad, Canal Zone, and Foreign Service retirement and disability funds, and the national service life insurance fund, were all invested exclusively in special obligations. About 52 percent of the investments of the U. S. Government life insurance fund were also in special obligations. Only the District of Columbia teachers' retirement and workmen's compensation funds and the longshoremen's and harbor workers' fund held

Table 7.—Contributions and taxes under selected social insurance and related programs, by specified period, 1943-46

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions <sup>1</sup>	Federal civil-service contributions <sup>2</sup>	Taxes on carriers and their employees	State unemployment contributions <sup>3</sup>	Federal unemployment taxes <sup>4</sup>	Railroad unemployment insurance contributions
Fiscal year:						
1943-44.....	\$1,292,122	\$445,951	\$267,065	\$1,353,272	\$179,909	\$121,518
1944-45.....	1,309,919	486,719	285,038	1,251,958	184,544	131,993
7 months ended:						
January 1944.....	685,876	332,543	125,764	821,074	41,217	56,404
January 1945.....	708,861	365,056	144,782	788,156	43,807	67,210
January 1946.....	683,971	418,576	142,707	661,500	43,728	65,677
1945						
January.....	33,275	24,230	1,156	132,093	13,232	31
February.....	222,056	24,707	4,679	127,303	114,251	724
March.....	17,640	23,846	65,484	5,162	9,729	31,471
April.....	41,157	26,498	1,465	158,365	2,845	359
May.....	315,615	24,808	8,587	167,886	12,337	2,215
June.....	4,591	21,803	60,041	5,085	1,575	30,013
July.....	61,501	\$271,976	1,478	173,103	2,998	50
August.....	285,803	25,236	8,209	150,319	12,068	1,369
September.....	4,731	27,267	59,397	5,870	1,768	31,401
October.....	54,434	23,859	1,468	122,910	2,551	54
November.....	237,766	24,881	8,479	106,116	10,281	845
December.....	6,916	21,664	58,525	7,672	770	31,882
1946						
January.....	32,810	23,692	5,061	95,511	13,292	76

<sup>1</sup> Represents contributions of employees and employers in employments covered by old-age and survivors insurance.

<sup>2</sup> Represents employee and Government contributions to the civil-service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in July for the entire fiscal year.

<sup>3</sup> Represents contributions plus penalties and interest collected from employers and contributions from employees in 48 States, deposited in State clearing accounts. Data reported by State agencies, corrected to Mar. 11, 1946.

<sup>4</sup> Represents taxes paid by employers under the Federal Unemployment Tax Act.

<sup>5</sup> Represents July contributions of \$24.4 million from employees, and contributions for fiscal year 1945-46 of \$246.4 million from the Federal Government and of \$1.2 million from the District of Columbia for certain District government employees.

Source: Daily Statement of the U. S. Treasury, unless otherwise noted.

no special obligations. The investments of these last three funds, however, amounted to only \$11.9 million as compared with the \$20.5 billion held by the other nine funds.

### Average Rate of Interest on Public Debt

The link between the average rate on the public debt and the rate on special obligations was first established in title IX of the Social Security Act, which created the unemployment trust fund. Interest has a somewhat different function for this fund than for the other 11 funds. It serves primarily to compensate States for funds loaned to the Treasury and not to provide a long-run balance between receipts and disbursements. In addition, the nature of the risk covered and the size of the fund may have accounted for the different interest-rate provisions.

Varying rates on special obligations, similar to those for the holdings of the unemployment trust fund, were adopted for the old-age and survivors insurance trust fund in 1939. The shift from a fixed 3-percent rate took place when the nature of the reserve for old-age and survivors insurance was being modified by Congress. The 1939 amendments so modified the role of the reserve that interest became of lesser importance. The fund contemplated in 1939 was much smaller than that anticipated in 1935. It no longer had to produce interest equivalent to two-fifths of annual disbursements many decades hence. Annual appropriations to the fund were no longer to be premiums determined actuarially on a reserve basis but were made equivalent to current annual contributions. The yield on the fund's investments was to approximate the return on savings generally and not to contain a margin of subsidy. The later freezing of contribution rates has emphasized still more the contingency-reserve function of the fund.

From 1936 until August 1941, the average rate of interest on the public debt was within  $\frac{1}{8}$  of 1 percent of 2.5 percent, despite the decline in rates on new issues (chart 2). The average rate had begun to decline in 1940 but did not fall below 2.5 percent until August 1941. It continued to decline thereafter, and the yield on special obligations issued to the two largest

social insurance funds also decreased. From August 1941 to April 1942, special obligations were issued at 2½ percent, the multiple of  $\frac{1}{8}$  of 1 percent next lower than the average rate. Because of a further drop in the average rate, new obligations were issued at 2¼ percent during May, June, and July. From August until November, new special obligations were issued at 2½ percent, and from December through April 1943, at 2 percent. The computed average rate declined further after April, and from May 1943 to the present the yield on special obligations newly issued to the funds has been 1½ percent.

In computing the average rate on the public debt, annual interest charges on interest-bearing issues, including special obligations, are multiplied by the par value of the issues. The total annual interest charge thus calculated is then divided by the total interest-bearing public debt to derive the weighted average rate. The discount on bills is included as interest in these computations. The average varies with the relative proportions

of securities of different maturities and the interest rates thereon. Changes in the average are caused by changes in the relative proportion of different types of securities outstanding and by fluctuations in market rates on Government securities which affect the yield set on new issues. The average rate is more stable than market yields.

Long-term bonds generally bear a higher rate of interest than other securities. This rate, however, varies with the life, negotiability, and tax status of the bonds, and the market conditions at the time they are issued. In June 1936, marketable and non-marketable bonds accounted for 56 percent of the interest-bearing public debt. By June 1941, this proportion had increased to 72 percent. The large-scale borrowing during the war decreased the relative importance of bonds, and in June 1944 they accounted for only 58 percent of the interest-bearing debt. By June 1945, however, this proportion had increased to 60 percent. The two largest groups of marketable bonds outstanding in

Table 8.—Federal appropriations and expenditures under programs<sup>1</sup> administered by the Social Security Board, by specified period, 1944–46

(In thousands)

Item	Fiscal year 1944–45		Fiscal year 1945–46	
	Appropriations <sup>2</sup>	Expenditures through January <sup>3</sup>	Appropriations <sup>2</sup>	Expenditures through January <sup>3</sup>
Total.....	\$709,659	\$414,265	\$814,006	\$496,286
Administrative expenses.....	25,611	17,692	24,964	20,922
Federal Security Agency, Social Security Board <sup>4</sup> .....	25,446	13,366	24,819	15,623
Department of Commerce, Bureau of the Census.....	165	71	145	61
Department of the Treasury <sup>5</sup> .....	( <sup>6</sup> )	4,255	( <sup>6</sup> )	5,238
Grants to States.....	444,214	265,943	488,042	302,762
Old-age assistance.....	409,800	201,013	431,000	224,208
Aid to dependent children.....		32,182		36,019
Aid to the blind.....		6,132		6,578
Unemployment compensation administration.....		26,615		35,957
Benefit payments, old-age and survivors insurance.....	* 239,834	130,630	* 301,000	172,602

<sup>1</sup> Excludes war emergency programs.

<sup>2</sup> Excludes unexpended balance of appropriations for preceding fiscal year. Includes for 1945–46 additional appropriations provided in First Deficiency Appropriation Act, 1946, approved Dec. 28, 1945.

<sup>3</sup> Based on checks cashed and returned to Treasury. Includes expenditures from unexpended balance of appropriations for preceding fiscal year.

<sup>4</sup> Represents appropriations and expenditures for salaries and some miscellaneous items; excludes other miscellaneous expenditures of the Board made from Federal Security Agency appropriations. Includes amounts expended by the Board in administering old-age and survivors insurance, reimbursed from old-age and survivors insurance trust fund to general fund of Treasury.

<sup>5</sup> Represents amounts expended by Treasury in

administering title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed from old-age and survivors insurance trust fund to general fund of Treasury.

<sup>6</sup> Not available because not separated from appropriations for other purposes.

<sup>7</sup> Includes \$4,417,892 transferred from War Manpower Commission as reimbursement for expenditures for employment office facilities and services.

<sup>8</sup> Represents actual payments during 1944–45 from old-age and survivors insurance trust fund.

<sup>9</sup> Represents estimated expenditures as shown in 1945–46 budget.

Source: Federal appropriation acts and 1945–46 budget (appropriations); *Daily Statement of the U. S. Treasury* (expenditures).

June 1936 were 2¾ and 3¼-percent bonds, which together accounted for 46 percent of all marketable bonds.

In June 1945, in contrast, the two largest groups of bonds bore interest at 2 and 2½ percent. Rates on bonds outstanding in that month, however, ranged from 1½ percent on a 5-year series issued in 1945 to 4¼ percent on

Table 9.—Status of the unemployment trust fund, by specified period, 1936-46<sup>1</sup>

[In thousands]

Period	Total assets at end of period	Net total of U. S. Government securities acquired <sup>2</sup>	Unexpended balance at end of period	State accounts				Railroad unemployment insurance account			
				Deposits	Interest credited	Withdrawals <sup>3</sup>	Balance at end of period	Deposits	Interest credited	Benefit payments	Balance at end of period <sup>4</sup>
Cumulative, January 1936-January 1946	\$7,497,917	\$7,458,184	\$39,733	\$9,136,956	\$532,937	\$2,881,218	\$6,788,831	\$561,581	\$40,486	\$47,094	\$709,086
Fiscal year:											
1943-44	5,878,778	1,503,000	8,778	1,349,307	88,526	60,000	5,380,403	109,375	8,001	591	498,375
1944-45	7,315,238	1,437,173	8,084	1,256,003	113,140	70,492	6,679,108	118,794	10,502	785	636,150
7 months ended:											
January 1944	5,177,412	799,000	11,412	727,159	41,101	29,191	4,741,639	50,772	3,722	311	435,773
January 1945	6,674,828	783,000	21,828	702,542	53,281	34,052	6,102,174	60,489	4,898	331	572,654
January 1946	7,497,917	751,010	39,733	596,612	65,454	552,446	6,788,831	59,100	6,438	2,475	709,086
1945											
January	6,674,828	74,000	21,828	43,537	50,165	6,970	6,102,174	27	4,637	100	572,654
February	6,880,453	220,000	7,453	211,822	—	6,758	6,307,239	652	—	92	573,214
March	6,914,980	38,000	3,989	11,346	2,702	7,970	6,313,317	28,324	250	116	601,672
April	6,956,109	25,000	20,109	46,955	—	6,137	6,354,135	324	—	85	601,974
May	7,226,959	283,000	7,959	276,077	—	7,280	6,622,933	2,117	—	65	604,026
June	7,315,268	88,173	8,084	7,261	57,180	8,296	6,679,109	26,888	5,330	96	636,148
July	7,372,826	35,000	30,653	62,778	—	14,932	6,726,955	45	—	41	645,870
August	7,610,393	251,000	17,219	257,968	—	21,593	6,963,330	1,232	—	41	647,061
September	7,596,118	-20,000	22,944	8,750	3,494	55,040	6,920,534	28,261	327	100	675,582
October	7,531,594	-90,000	48,420	42,316	437	107,224	6,856,064	49	41	216	675,528
November	7,606,978	65,000	58,804	183,067	141	108,283	6,931,019	760	13	388	675,937
December	7,537,591	-39,990	29,208	8,803	4,341	111,228	6,832,935	28,694	412	608	704,455
1946											
January	7,497,917	-50,000	39,733	32,898	57,042	134,146	6,788,831	67	5,644	1,081	709,086

<sup>1</sup> Beginning July 1939, contains separate book account for railroad unemployment insurance, in which are held moneys deposited by Railroad Retirement Board and from which Secretary of the Treasury makes benefit payments as certified by the Railroad Retirement Board. Contains also separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments.

<sup>2</sup> Includes accrued interest. Minus figures represent net total of securities redeemed.

<sup>3</sup> Includes transfers from State accounts to railroad unemployment insurance account amounting to \$106,520,296.

<sup>4</sup> Includes transfers from railroad unemployment insurance administration fund amounting to \$47,648,850.

Source: Daily Statement of the U. S. Treasury.

Table 10.—Status of the old-age and survivors insurance trust fund, by specified period, 1937-46

[In thousands]

Period	Receipts		Expenditures		Assets			
	Transfers and appropriations to trust fund <sup>1</sup>	Interest received <sup>2</sup>	Benefit payments <sup>3</sup>	Reimbursement for administrative expenses <sup>4</sup>	Net total of U. S. Government securities acquired <sup>5</sup>	Cash with disbursing officer at end of period	Credit of fund account at end of period	Total assets at end of period
Cumulative, January 1937-January 1946	\$7,705,268	\$560,596	\$956,088	\$172,193	\$7,044,424	\$44,884	\$48,275	\$7,137,583
Fiscal year:								
1943-44	1,292,122	103,177	184,597	32,607	1,172,036	21,384	16,136	5,446,391
1944-45	1,309,919	123,854	239,834	26,950	1,137,411	35,092	32,007	6,613,381
7 months ended:								
January 1944	685,876	2,795	101,498	18,329	531,000	30,816	38,490	4,837,140
January 1945	708,861	11,186	130,630	15,226	544,964	30,376	36,371	6,030,882
January 1946	683,971	32,083	172,062	19,230	498,143	44,884	48,275	7,137,583
1945								
January	33,275	4,938	20,032	2,307	-13,000	30,376	36,371	6,020,582
February	222,056	—	19,431	2,307	—	32,936	234,129	5,220,899
March	17,640	7,673	22,751	2,307	200,000	32,256	35,065	6,221,155
April	41,157	—	21,820	2,370	—	33,427	50,860	6,238,121
May	315,615	—	22,848	2,370	—	33,569	341,115	6,528,518
June	4,591	104,995	22,354	2,370	392,447	35,062	32,007	6,613,381
July	61,501	—	23,139	2,476	—	35,938	67,045	6,649,267
August	285,803	—	22,888	2,476	—	38,021	325,404	6,909,706
September	4,731	9,242	23,497	2,476	273,000	39,074	39,351	6,897,706
October	54,434	—	25,365	2,838	—	38,682	65,974	6,923,938
November	237,766	99	24,082	2,838	-15,000	42,582	288,020	7,134,883
December	6,916	7,371	25,678	2,838	250,490	44,870	21,362	7,120,655
1946								
January	32,819	15,371	27,953	3,309	-10,347	44,884	48,275	7,137,583

<sup>1</sup> Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act.

<sup>2</sup> Interest on investments held is credited annually in June; on investments redeemed, in month of redemption.

<sup>3</sup> Based on checks cashed and returned to Treasury.

<sup>4</sup> Figure for fiscal year 1944-45 includes bookkeeping adjustments for expenditures for fiscal years 1941-42, 1942-43, and 1943-44.

<sup>5</sup> Minus figures represent net total of securities redeemed; includes accrued interest.

Source: Daily Statement of the U. S. Treasury



1947-52 bonds issued during 1922.

Marketable Treasury notes accounted for 35 percent of the interest-bearing public debt in June 1936, but this proportion declined steadily to 7 percent in June 1943, and was 9 percent in both June 1944 and June 1945. Interest rates on these notes declined sharply between 1936 and 1945. In June 1936, the range was from 1½ to 3¼ percent, with an average of 2.08 percent. In June 1945, the range was from 0.9 to 1½ percent, and the average was 1.21 percent.

Treasury bills and certificates of indebtedness, which bore a discount or interest of less than 1 percent, formed 7 percent of the interest-bearing public debt in June 1936. With the shift to longer-term issues, the proportion declined to 3.1 percent in June 1940 but increased again during the war. In June 1944 and 1945, bills and certificates made up 22 and 20 percent, respectively, of the interest-bearing public debt. All certificates outstanding on June 30, 1945, bore ½ of 1 percent interest, while bills sold on a discount basis were carried at ¾ of 1 percent.

Special issues represented a steadily increasing proportion of the interest-bearing public debt because of the growth of social insurance trust funds. In June 1936 they comprised 2 percent of the debt, but by June 1941 they had risen to 13 percent (table 6). The large wartime increase in the debt, however, reduced the proportion to 7 percent in June 1945. Between 1936 and 1945, the rates on individual special issues ranged from 1½ to 4½ percent, while the average rates on all special issues ranged from 2.405 to 3.528 percent.

The preceding discussion indicates that, despite the general decline in interest rates on Government securities, the average rate on the public debt remained relatively stable up to the war because of the increasing proportion of long-term debt. During the war, the emphasis shifted to short-term securities. Great care was taken in wartime borrowing policy to fit issues and yields to market conditions, and offerings were segregated for different types of investors in line with incentives to invest. Liquidity was stressed for banks, which were restricted largely to purchase of short-term securities. An attempt was

Table 11.—Federal insurance contributions and Federal unemployment taxes, by internal revenue collection district, for the calendar year 1945 and October-December 1945<sup>1</sup>

Internal revenue collection district in—	Calendar year 1945			October-December 1945		
	Total	Insurance contributions <sup>2</sup>	Unemployment taxes <sup>3</sup>	Total	Insurance contributions <sup>2</sup>	Unemployment taxes <sup>3</sup>
	[In thousands]					
Total.....	\$1,469,854.9	\$1,285,479.2	\$184,375.7	\$312,680.6	\$299,108.0	\$13,572.6
Alabama.....	14,951.7	13,072.8	1,878.9	3,149.6	3,026.7	122.9
Arizona.....	3,185.1	2,162.7	1,022.5	541.7	542.7	—1.0
Arkansas.....	4,656.1	4,160.3	495.8	1,077.9	1,062.5	15.4
California (2 districts).....	124,501.8	*109,689.9	*14,811.9	26,104.3	25,269.5	834.8
Colorado.....	7,627.5	6,362.2	1,265.3	1,674.9	1,604.2	70.7
Connecticut.....	29,821.1	*25,888.1	*3,933.0	5,867.5	5,674.2	193.3
Delaware.....	13,856.1	*12,549.1	*1,307.0	2,817.6	2,677.3	140.3
Florida.....	12,395.4	10,905.2	1,490.2	2,601.1	2,550.8	50.2
Georgia.....	15,180.3	13,493.4	*1,686.9	3,476.7	3,341.8	134.9
Hawaii.....	3,067.7	2,696.5	*371.2	700.5	685.5	15.1
Idaho.....	2,451.5	2,171.5	*280.0	604.9	598.5	6.4
Illinois (2 districts).....	121,000.7	*105,579.9	15,420.8	26,925.7	25,415.2	1,508.5
Indiana.....	26,742.8	*23,376.2	3,366.6	5,544.9	5,447.1	97.8
Iowa.....	11,222.7	9,676.8	1,545.9	2,473.4	2,410.9	62.4
Kansas.....	8,163.1	*7,424.0	*739.1	1,728.9	1,680.6	48.3
Kentucky.....	10,273.0	9,004.8	1,268.2	2,292.9	2,229.2	63.7
Louisiana.....	12,551.7	*10,988.3	1,563.4	2,669.9	2,599.1	70.7
Maine.....	6,309.0	*5,477.4	*831.6	1,315.3	1,297.9	17.4
Maryland (including Dist. of Col.).....	24,266.0	*20,632.7	3,633.3	5,011.2	4,879.1	132.1
Massachusetts.....	56,029.9	*49,627.3	*6,402.6	12,134.6	11,816.6	318.0
Michigan.....	102,760.9	*88,595.6	14,165.2	20,156.6	18,526.7	1,629.9
Minnesota.....	20,970.3	18,481.8	2,488.5	4,612.4	4,470.2	142.1
Mississippi.....	3,571.1	3,445.1	*426.0	895.6	881.4	14.2
Missouri (2 districts).....	35,875.2	31,724.4	*4,150.8	7,970.1	7,718.2	252.0
Montana.....	1,760.1	1,599.7	*160.4	430.9	424.5	6.4
Nebraska.....	6,665.9	5,907.9	758.0	1,463.3	1,407.6	55.7
Nevada.....	962.2	879.2	*83.1	240.0	237.4	2.5
New Hampshire.....	3,459.3	3,057.6	*401.7	791.3	774.4	16.9
New Jersey (2 districts).....	53,120.9	*45,846.2	7,274.7	11,038.8	10,459.9	578.9
New Mexico.....	1,928.4	1,811.1	*117.3	332.8	329.7	3.1
New York (6 districts).....	259,843.9	254,114.7	*35,729.2	61,286.3	58,464.2	2,822.1
North Carolina.....	18,927.7	16,636.6	2,291.1	4,102.5	3,963.5	139.0
North Dakota.....	1,011.8	930.4	81.5	241.5	238.7	2.8
Ohio (4 districts).....	98,631.2	*86,116.3	12,514.9	20,810.9	19,799.2	1,011.7
Oklahoma.....	10,983.8	9,726.1	1,257.7	2,545.6	2,456.0	89.6
Oregon.....	13,685.5	*12,084.3	*1,601.2	2,925.4	2,884.7	40.7
Pennsylvania (3 districts).....	139,370.3	*121,537.2	*17,833.1	30,099.2	28,270.3	1,828.9
Rhode Island.....	9,845.7	8,476.9	1,368.8	2,021.1	1,888.6	133.2
South Carolina.....	7,290.7	6,431.8	858.8	1,626.7	1,595.4	31.3
South Dakota.....	1,258.7	1,157.7	101.1	291.2	289.3	1.9
Tennessee.....	15,195.8	13,379.7	1,816.2	3,218.3	3,137.5	80.8
Texas (2 districts).....	37,594.1	32,756.9	4,837.2	8,017.2	7,864.0	153.1
Utah.....	3,196.1	*2,823.7	372.4	710.8	701.8	8.9
Vermont.....	2,016.8	1,784.8	*232.0	443.9	434.9	9.0
Virginia.....	14,753.1	*12,836.5	1,916.6	3,246.5	3,113.8	132.7
Washington (including Alaska).....	24,682.8	*21,626.0	3,056.8	5,403.8	5,204.3	199.5
West Virginia.....	10,975.8	9,621.0	1,354.9	2,416.8	2,361.7	55.1
Wisconsin.....	29,906.6	26,179.5	3,727.2	6,361.4	6,142.3	219.1
Wyoming.....	1,058.8	951.7	107.1	267.6	258.2	9.5

<sup>1</sup> Less than in calendar year 1944.

<sup>2</sup> Data are based on warrants covered by the Bookkeeping and Warrants Division of the Treasury Department and therefore differ slightly from tax receipts in tables 7 and 10, which are based on the *Daily Statement of the U. S. Treasury*. Amounts listed in this table represent collections made in internal revenue districts in the respective States and covered into Treasury. The amount received by a particular district does not necessarily represent taxes paid with respect to employment within the State in which that district is located.

<sup>3</sup> Tax effective Jan. 1, 1937, payable by employers and employees.

<sup>4</sup> Tax effective Jan. 1, 1936, payable by employers only. Amounts collected under State unemployment compensation laws and deposited in State unemployment funds not included.

<sup>5</sup> Represents bookkeeping adjustment made in the last quarter. For collections in the entire year, see column 4.

Source: Treasury Department, Bureau of Accounts.

made to sell long-term nonnegotiable securities to noninstitutional investors. Thus, in general, individuals were able to buy relatively high-yield securities, while banks and other financial institutions were confined to lower-yield issues. Despite efforts to fund as much of the war debt as possible in long-term obligations, a large portion was sold to banks and other financial institutions. In June 1945,

banks held 36 percent of all interest-bearing securities issued or guaranteed by the United States, insurance companies held 9 percent, and U. S. Government agencies and trust funds and the Federal Reserve banks an additional 18 percent. Securities held by others amounted to only 37 percent of the debt. It was basically the large increase in short-term indebtedness, carrying lower rates of interest, which

led to a decline in the computed average rate during the war.

### Yield on Marketable Series Held by Trust Funds

Aside from special obligations, investments of the old-age and survivors insurance and unemployment trust

funds consist of 2½-percent regular Treasury bonds. The two funds held \$2.3 billion of such bonds in December 1945, having acquired them on original issue at par plus accrued interest.

The interest rates at which these series of securities were issued were

influenced by the market for Government obligations and by prices and yields on Treasury securities of the same or similar maturities. Interest rates on Government bonds have declined during the 10 years since social insurance trust funds were established. The highest rate at

Table 12.—Federal grants to States under Social Security Act: Checks issued by the Treasury Department through December of fiscal years 1944-45 and 1945-46

[In thousands]

State	Fiscal year 1944-45 through December, total grants	Fiscal year 1945-46 through December							
		Total grants	Federal Security Agency—Social Security Board				Department of Labor—Children's Bureau		
			Old-age assistance	Aid to de- pendent children	Aid to the blind	Unemploy- ment com- pensation administra- tion	Maternal and child health services	Services for crippled children	Child wel- fare services
Total, all participating States.	<sup>1</sup> \$231,900.0	<sup>2</sup> \$254,808.5	\$187,044.6	\$29,025.8	\$5,370.7	\$28,191.4	\$2,510.7	\$1,888.2	\$652.5
Alabama.....	2,504.7	2,885.6	1,914.6	512.8	46.8	262.6	80.1	48.9	19.8
Alaska.....	206.7	195.7	66.6	13.1	( <sup>3</sup> )	76.6	23.8	10.6	5.0
Arizona.....	1,549.6	1,346.3	971.7	169.7	47.9	101.5	23.7	25.6	6.4
Arkansas.....	2,051.3	2,111.8	1,409.8	338.2	73.7	197.4	34.6	41.2	16.8
California.....	22,670.9	<sup>2</sup> 24,389.3	19,361.4	888.1	722.4	3,123.3	92.9	50.9	25.6
Colorado.....	5,315.1	5,233.4	4,639.7	393.9	57.6	61.2	48.4	27.1	5.5
Connecticut.....	1,905.1	2,553.6	1,619.8	297.8	16.3	554.8	22.8	35.3	6.9
Delaware.....	221.2	212.3	66.4	37.5	1.6	82.7	14.5	4.4	5.4
District of Columbia.....	644.9	564.6	239.0	99.8	21.4	131.6	39.8	27.4	5.6
Florida.....	4,517.4	5,724.8	4,384.2	747.3	245.6	230.9	64.6	41.4	10.9
Georgia.....	3,541.8	3,780.2	2,786.9	374.0	109.3	373.5	70.1	51.0	24.4
Hawaii.....	323.4	364.0	154.9	102.7	9.0	57.6	15.9	18.2	5.6
Idaho.....	1,303.6	1,218.2	928.7	137.0	20.0	92.0	29.5	10.2	7.7
Illinois.....	15,440.7	17,148.7	12,116.4	2,198.8	498.1	2,155.9	67.8	103.5	8.3
Indiana.....	6,021.6	6,103.0	4,466.3	643.8	191.9	706.3	57.4	27.6	9.8
Iowa.....	4,925.2	5,231.8	4,592.6	288.7	128.7	113.1	31.7	60.9	16.1
Kansas.....	3,247.6	3,306.2	2,552.0	350.0	108.2	232.8	35.0	21.5	6.8
Kentucky.....	3,195.8	2,632.8	1,763.5	340.3	75.1	255.8	94.3	71.7	12.1
Louisiana.....	4,527.6	4,121.4	2,621.6	935.0	113.7	336.9	63.9	38.2	12.0
Maine.....	1,677.3	1,931.9	1,417.1	177.7	78.5	204.5	29.3	13.0	11.8
Maryland.....	1,867.9	2,087.3	1,142.2	409.3	46.7	407.6	50.0	18.7	12.8
Massachusetts.....	10,078.9	11,646.3	9,328.6	888.9	127.9	1,229.4	27.9	34.8	8.9
Michigan.....	10,616.6	13,468.3	9,892.4	1,316.6	160.5	1,939.3	67.5	71.8	19.9
Minnesota.....	7,122.8	5,493.2	4,539.9	466.6	90.3	304.1	42.7	49.6	1.1
Mississippi.....	2,044.5	1,906.5	1,322.6	245.0	103.7	128.8	33.6	43.9	29.0
Missouri.....	7,784.7	11,083.2	9,008.6	1,457.9	( <sup>3</sup> )	501.7	62.6	34.7	17.7
Montana.....	1,692.1	1,354.6	1,060.1	149.1	39.1	69.4	25.1	11.0	7.7
Nebraska.....	2,501.4	2,726.3	2,298.8	244.4	41.3	74.8	28.5	32.3	8.4
Nevada.....	326.0	336.2	256.5	( <sup>3</sup> )	( <sup>3</sup> )	62.8	10.6	2.2	4.1
New Hampshire.....	720.9	832.8	577.7	85.0	23.8	118.0	12.9	8.0	7.5
New Jersey.....	3,810.7	3,959.7	2,099.7	378.4	60.3	1,318.8	52.5	36.0	14.0
New Mexico.....	845.7	979.0	553.4	278.8	22.9	64.2	36.4	13.8	9.6
New York.....	16,339.7	20,706.8	11,936.8	3,144.5	406.9	4,995.4	121.9	76.8	24.4
North Carolina.....	2,466.3	2,563.7	1,309.7	533.3	190.7	338.2	68.2	49.5	14.2
North Dakota.....	1,162.1	1,071.5	795.5	168.0	11.2	39.6	21.2	24.2	11.7
Ohio.....	11,455.7	13,777.6	10,691.1	987.3	307.1	1,654.3	128.6	42.4	16.7
Oklahoma.....	8,534.7	10,957.4	8,645.7	1,719.6	209.5	273.2	40.2	52.3	17.1
Oregon.....	2,637.2	3,146.6	2,644.9	171.1	50.7	252.0	11.3	12.7	4.0
Pennsylvania.....	11,667.2	12,305.7	7,492.3	2,475.2	( <sup>3</sup> )	2,078.3	111.8	119.3	28.9
Puerto Rico.....	369.4	152.1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	113.1	27.9	11.1
Rhode Island.....	1,156.8	1,317.4	880.4	199.6	10.9	175.5	16.8	29.5	4.7
South Carolina.....	1,674.4	1,966.2	1,267.9	347.6	76.8	146.0	70.5	37.8	19.5
South Dakota.....	1,213.1	1,219.7	962.5	156.0	16.1	35.0	19.4	25.0	5.6
Tennessee.....	3,707.6	3,691.7	1,937.8	1,075.1	97.5	477.1	36.5	23.7	34.1
Texas.....	15,869.9	14,911.9	12,965.1	756.1	345.4	632.8	119.0	59.0	34.4
Utah.....	1,822.2	1,906.8	1,522.3	240.3	14.6	101.0	13.0	15.6	( <sup>3</sup> )
Vermont.....	496.2	614.4	430.3	65.2	19.0	66.3	19.1	8.5	6.0
Virginia.....	1,419.3	1,496.7	696.6	339.8	56.3	236.9	83.1	64.5	19.4
Washington.....	7,026.4	8,509.9	7,436.7	436.8	76.8	485.5	34.5	31.6	8.1
West Virginia.....	2,076.5	1,912.1	898.9	639.9	48.1	236.6	32.5	24.9	31.2
Wisconsin.....	4,926.2	5,154.2	3,951.2	594.5	137.5	355.4	28.4	68.9	18.4
Wyoming.....	455.2	486.1	365.5	39.6	13.3	42.8	11.1	8.9	4.9

<sup>1</sup> Includes \$5,934,300 for grants for public health work to Public Health Service under title VI of the Social Security Act; beginning July 1945, such grants have been made under the Public Health Service Act of July 1944.

<sup>2</sup> Includes \$124,665 to California for public health work, granted in August 1945 but charged to the appropriation for the preceding fiscal year.

<sup>3</sup> No plan approved by Social Security Board.

Source: Compiled from data furnished by the Treasury Department, Bureau of Accounts.

par at which any publicly offered bond was issued between 1936 and 1945 was 2¾ percent—the rate on Treasury bonds issued in 1936—and most issues since then have carried rates of from 2 to 2½ percent. Among the factors which caused the decline were the large supply of private funds seeking investment, an influx of foreign short-term funds, a large volume of excess bank reserves, and the attempt to finance the war as cheaply as possible.

During the war, market rates on Government bonds remained relatively stable. From December 1941 to December 1945 the monthly average yield on taxable Treasury bonds maturing in 15 or more years varied only between 2.47 and 2.34 percent.

The declining trend in interest rates on Government securities during the 10-year period, in conjunction with minimum-yield requirements of trust funds, has restricted the volume of securities in which the funds may be invested. From 1937 to 1939, when the old-age reserve account could be invested only in securities yielding at least 3 percent, no marketable Government securities were selling at prices yielding as much as 3 percent to call. Only special obligations could therefore be acquired. Market yields to call date have continued below 3 percent since 1939, and thus railroad retirement account investments have been limited to special issues.

Before the war, special obligations generally provided higher interest yields than marketable issues. The wartime decline in the computed average rate of interest, however, has made the yields on some marketable series more favorable for both the old-age and survivors insurance trust fund and the unemployment trust fund. The yield on special obligations issued to most other trust funds continues to be higher than the rate on any marketable series.

#### *Average Yield on Social Insurance Trust Fund Investments*

The average yield on investments of the old-age and survivors insurance trust fund was 3 percent until 1940. When the interest rates on special obligations issued to it began to be adjusted to the average rate on the entire debt, the fund's average rate of

earning began to decline and went to 2½ percent by June 1942 (chart 2). As the original 3-percent securities matured or were redeemed and the proceeds were invested in lower-yield obligations, the average interest rate on the fund's investments continued downward. By the end of 1943 it had fallen below 2¼ percent and continued to decline at a slower rate to 2.144 in December 1945.

The average yield on unemployment trust fund holdings followed a similar trend, although at a lower level. Its investments had an average yield of 2½ percent until August 1941. The average then started to decline. By June 1943 the fund's average rate of interest was lower than the computed average rate on the public debt, and it remained lower despite a slight rise during 1944 and 1945.

The difference between the average interest rates on old-age and survivors insurance and those on unem-

ployment trust fund investments during the war years has been caused, in part, by the fact that the former has held special 5-year notes which were acquired as early as 1941 and carry rates as high as 2½ percent. The former fund also has held a larger amount of 2½-percent bonds, which bear a higher yield than special obligations purchased at the same time would have borne. Since June 1945, however, the average yields of the two funds have differed much less than previously; in that month, most of the 2½-percent special obligations still held by the old-age and survivors insurance trust fund matured and were replaced by 1¾-percent obligations.

The average yield on investments of the railroad retirement account has remained the same throughout the period under review, because of the statutory requirement that its investments bear at least 3 percent.

## *Recent Publications in the Field of Social Security\**

### **General**

London, Vol. 23, Winter 1945-46, pp. 125-137.

Written before the publication of the recent White Paper on national insurance, this article considers the local administration of social insurance and assistance.

"Australian Social Insurance Legislation, 1944-45." *Monthly Labor Review*, Washington, Vol. 62, Jan. 1946, pp. 65-66. 30 cents.

Summarizes changes in eligibility provisions and contribution and benefit rates in the unemployment and sickness insurance programs.

"The British Family Allowances Act, 1945." *International Labour Review*, Montreal, Vol. 53, Nov. 1945, p. 548. 50 cents.

"Results of the International Labor Conference of 1945." *Monthly Labor Review*, Washington, Vol. 62, Jan. 1946, pp. 44-47. 30 cents.

RUSSELL, HOWARD L. "Social Welfare Legislation of 1945." *Social Service Review*, Chicago, Vol. 19, Dec. 1945, pp. 462-477. \$1.25.

A general survey of State legislation dealing with public assistance, child welfare, medical care, unemployment insurance, and related subjects.

"Adjustment of Social Insurance Benefits and Contributions in Brazil." *International Labour Review*, Montreal, Vol. 52, Nov. 1945, pp. 544-545. 50 cents.

By Legislative Decree No. 7835 of August 6, 1945, cash benefits are increased and contributions of the several institutions made uniform.

"Administration of Family Allowances in Canada." *Labour Gazette*, Ottawa, Vol. 46, Jan. 1946, pp. 17-19. 20 cents a year.

Includes a discussion of the relation of allowances to income tax.

AGARWALA, A. N. *Social Insurance Planning in India*. Allahabad: East End Publishers, 1945. 218 pp.

ARMAN, F. MARCUS. "National Insurance and National Assistance Local Offices." *Public Administration*,

\*The inclusion of prices of publications in this list is intended as a service to the reader, but any orders must be directed to publishers or booksellers and not to the Social Security Board or the Federal Security Agency. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.



"Social Insurance in the USSR." *Information Bulletin* (Embassy of the U. S. S. R.), Washington, Vol. 5, Nov. 29, 1945, pp. 4-6; Dec. 1, 1945, pp. 3-5; Dec. 4, 1945, pp. 4-7.

"Social Security in France." *International Labour Review*, Montreal, Vol. 52, Nov. 1945, pp. 541-544. 50 cents.

Summarizes developments during the first half of 1945 which widen coverage, increase benefits, and reestablish administrative bodies.

STEWART, BRYCE M., and COUPER, WALTER J. *Profit Sharing and Stock Ownership for Wage Earners and Executives*. New York: Industrial Relations Counsellors, 1946. 143 pp. (Industrial Relations Monograph No. 10.) \$1.25.

A study, based on data supplied by 151 companies for profit sharing and 86 companies for stock ownership, which analyzes the main characteristics of both types of plans and their administration, and draws conclusions to aid management in formulating future policy.

## Old-Age and Survivors Insurance

BENEDICT, MURRAY R. *A Retirement System for Farmers*. Washington: National Planning Association, 1946. 43 pp. (Planning Pamphlet No. 49.) 25 cents.

Prepared for the Association's Agriculture Committee on National Policy, this report discusses the general economic conditions of farmers and the advantages for them of participating in the OASI program, and outlines a system for computing and collecting contributions from farm operators, farm wage earners, and sharecroppers. The report includes the Statement of the Agriculture Committee on Old-Age and Survivors and Disability Insurance for Farm People, which recommends coverage of farmers, increase in minimum benefits from \$10 to \$20 a month, and provision for disability insurance.

GRIFFIN, JOHN J. "The Growing Problem of the Aged." *Social Service Review*, Chicago, Vol. 19, Dec. 1945, pp. 506-515. \$1.25.

The significance of the problem for social workers and the medical profession.

## Employment Security

COMMITTEE FOR ECONOMIC DEVELOPMENT. RESEARCH COMMITTEE. *Toward More Production, More Jobs*

and More Freedom. New York: The Committee, 1945. 37 pp.

A revision of an earlier statement on the problem of achieving and maintaining a high level of production and employment in a free economy.

DALE, ERNEST. *Annual Wages and Employment Stabilization Techniques*. New York: American Management Association, 1945. 96 pp. and Supplement. (Special Research Report No. 8.) \$2.25.

The first part of this report analyzes various annual wage plans and the factors to be considered in introducing a guaranteed wage plan; the second part describes methods of eliminating seasonal fluctuations in employment.

"Employment Situation in Foreign Countries: Part I.—United Nations and Neutral Industrial Countries Not Devastated by War." *Monthly Labor Review*, Washington, Vol. 62, Jan. 1946, pp. 6-24. 30 cents.

Describes the employment situation and the relaxation of labor controls in five of the United Nations and two neutral countries.

FONDA, GEORGE T. "Administering 'Suitable Work' in State Unemployment Compensation Laws." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 3, Jan. 1946, pp. 12-17. \$1 a year.

Is primarily concerned with policies regarding experience and prior earnings in refusing work. Stresses the importance of developing closer cooperation between the employment service, the unemployment insurance departments, and the prospective employers.

## Public Welfare and Relief

"A Brief Review of Missouri's General Relief Program." *Index of Public Assistance in Missouri*, Jefferson City, Vol. 8, Jan.-June 1945, entire issue.

A survey of the general relief and public assistance programs in Missouri from 1932 to 1945 is followed by a detailed study of the period from January to June 1945.

CONGRESS OF INDUSTRIAL ORGANIZATIONS. NATIONAL CIO COMMUNITY SERVICES COMMITTEE. *Community Resources for Relief for Strikers and Their Families*. New York: The Committee, 1946. Various pagings. Processed.

"A study of the policies and practices of representative public and voluntary social welfare agencies."

FOLKOFF, JOSEPH P. "Community Planning for Our Aging Population." *The Councillor*, Baltimore, Vol. 10, Dec. 1945, pp. 8-12.

Suggests establishment of a central information bureau and coordinating center and comments on ways of developing special resources, such as visiting housekeeper services, special homes, and so forth.

LEAGUE OF NATIONS. CHILD WELFARE INFORMATION CENTRE. *Annual Report on Child Welfare*. (Summarizing Information Received From Governments in 1943 and 1944.) Geneva: The League, 1945. 76 pp. (Series of League of Nations Publications. IV. Social 1945. IV. 1.) (United States Agent: International Documents Service, Columbia University Press, New York.) 60 cents.

Information from the Union of South Africa, the United States, Australia, Bolivia, the United Kingdom, and New Zealand.

LUNDBERG, EMMA O. "Words and Their Ways in Social Welfare." *Social Service Review*, Chicago, Vol. 19, Dec. 1945, pp. 478-484. \$1.25.

Traces changes in meaning of social welfare terms and the development of new words and expressions, pointing out that words "become meaningless if the promise conveyed by them fails of fulfillment."

MYERS, FORICE MIRICK. "No More Tin Cups for the Blind." *Survey Graphic*, New York, Vol. 82, Jan. 1946, pp. 9-11. 30 cents.

The experience of the Washington Society for the Blind in sponsoring a program for vending stands operated by blind persons.

NAIRNE, LILLIE. "Citizen Participation in Welfare Programs." *Public Welfare*, Chicago, Vol. 4, Jan. 1946, pp. 14-18. 50 cents.

An address, given at the December APWA meeting, commenting on the activities of citizen committees and advisory boards in New Orleans. This issue of *Public Welfare* also contains Harold C. Ostertag's outline of proposals for welfare reorganization in New York State and reports of the State and local administrators' council meetings.

NEW MEXICO. DEPARTMENT OF PUBLIC WELFARE. DIVISION OF RESEARCH AND STATISTICS. *Child Welfare Services in New Mexico: 1944 Survey*. Santa Fe: The Department, 1945. 80 pp. Processed.

OTTO, MARGARET M. *Organized Labor's Participation in Social Work: A Selected Bibliography*. New York: Russell Sage Foundation,

1945. 8 pp. (Bulletin of the Russell Sage Foundation Library, No. 163.) 10 cents.

PENNSYLVANIA SCHOOL OF SOCIAL WORK. *The Role of the Baby in the Placement Process*. Philadelphia: The School, 1946. 113 pp. 85 cents.

Discusses the placement process with special reference to the needs of the individual child.

"Recipients Out of State." *Public Welfare in South Dakota*, Pierre, Vol. 8, Nov.-Dec. 1945, pp. 1-5. Processed.

A survey of out-of-state recipients, as of November 1, 1945, showing why they moved.

RUSSELL SAGE FOUNDATION. *Definitions of Terms and Instructions for Reporting Monthly Statistics of Family Casework*. New York: The Foundation, 1946. 26 pp. 1946 edition. 20 cents.

### Health and Medical Care

BECKER, HARRY J. "Pending Health Legislation." *American Journal of Nursing*, New York, Vol. 46, Jan. 1946, pp. 11-16. 35 cents.

Reviews pending legislation on medical service and hospital construction,

with emphasis on the Wagner-Murray-Dingell bill.

BOAS, ERNST P. *Why Do We Need National Health Insurance*. New York: New York Society for Ethical Culture, 1945. 22 pp. 10 cents.

Discusses the inequalities in distribution of medical service and shows why the Government must participate in a national health program.

DAVIS, MICHAEL M. "Putting Teeth Into Health." *Survey Graphic*, New York, Vol. 35, Jan. 1946, pp. 27 ff. 30 cents.

Comments on the need for more and better dental service.

"First Annual Conference of Presidents and Other Officers of State Medical Societies, Chicago, December 2, 1945." *The Journal of the Michigan State Medical Society*, St. Paul, Minn., Vol. 44, Dec. 1945, 20-page insert facing p. 1344. 50 cents.

The papers presented at the conference included: How Can We Assure Adequate Health Service for All the People?, by Arthur J. Altmeyer; Expansion of Voluntary Group Health Care Programs, by Joseph H. Howard; Health Legislation Beneficial to the People, by Philip K. Gilman; Modern Medical Public Relations, by O. O.

Miller; Formation of a National Health Congress, by John F. Hunt.

GREAT BRITAIN. MINISTRY OF HEALTH. *Summary Report for the Year Ended 31st March 1945*. London: H. M. Stationery Office, 1945. 84 pp. (Cmd. 6710.) 1s. 6d.

Information on national health insurance, the state of the public health, maternal and child welfare, housing, and special wartime activities.

"Postwar Outlook for Physicians." *Monthly Labor Review*, Washington, Vol. 61, Dec. 1945, pp. 1094-1111. 30 cents.

A study prepared by Judith Grunfel of the number and geographical distribution of physicians in relation to population.

ROREM, C. RUFUS. "President Truman's Proposed National Health Program in Perspective." *Hospitals*, Chicago, Vol. 20, Jan. 1946, pp. 42-44. 30 cents.

Reviews the President's proposals in relation to the Blue Cross Plan program.

"Should America Have Compulsory Health Insurance? Altmeyer Says: Yes. Mannix Says: No." *Modern Hospital*, Chicago, Vol. 66, Jan. 1946, pp. 66-72. 35 cents.

(Continued from page 29)

2202 for the House substitute had been rejected. On December 15 the Senate expressed its disagreement with the House bill and asked for a conference. The conference report (H. Rept. 1520) was reported out by the House conferees on February 5 and submitted to the House on the following day.

### Conference Committee Report

The principal differences between the Senate and House bills and the conference substitute were summarized in the conference report.

"The Senate bill declared that it is the responsibility of the Federal Government to maintain full employment and to assure at all times sufficient opportunities for employment to enable all Americans able and willing to work to exercise their right to continued full employment.

"The House substitute declared that it is the continuing policy of the United States to promote employment, production, and purchasing

power under the system of free competitive enterprise, and that the function of the Government is to promote and not to assure or guarantee employment . . .

"The conference agreement adopted the view and declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means in a manner calculated to foster and promote free competitive enterprise for the purpose of creating and maintaining conditions under which there will be afforded opportunities for those able, willing, and seeking to work, and conditions to promote maximum employment, production, and purchasing power. The term 'full employment' is rejected, and the term 'maximum employment' is the objective to be promoted . . .

"The words or terms 'full', 'guarantee', 'assure', 'investment', and 'expenditure' do not occur in the conference agreement. The goal is maximum or high levels of employment. The emphasis on spending, expenditures, and disbursements is omitted

from the conference agreement.

"The Senate bill provided for a production and employment budget. A budget contemplates previous authorizations and commitments. There are no authorizations in the conference agreement. The House substitute provided for an economic report by the President instead of a budget. The report was to be made on economic conditions affecting employment in the United States and the extent to which the programs and activities of the Government were contributing to the achievement of the declared policy.

"The conference agreement adopts substantially the economic report of the House substitute. Mention of public works and loans is omitted. The President is to transmit a review of economic conditions and his program for carrying out the policy declared."

The conference report was accepted by the House on February 6, by a vote of 320 to 84. It was agreed to unanimously by the Senate on February 8, and became law on February 20.

The image shows a dark, textured book cover, likely black or very dark grey. On the left side, there is a vertical strip of lighter material, possibly white or light grey, which appears to be the spine or a hinge area. This strip contains some faint, illegible text. The main body of the cover has a mottled, slightly grainy texture. In the bottom left corner, there is a small, white rectangular label with the word "XUM" printed in black capital letters. The overall appearance is that of a vintage or antique book binding.





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Issues of the SOCIAL SECURITY YEARBOOK, an annual calendar-year supplement to the BULLETIN, are sold separately by the Superintendent of Documents as follows: 1939, 50 cents; 1940 and 1941, 70 cents each; 1942, 50 cents; 1943, 45 cents; and 1944, 50 cents.

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# Publications of the Social Security Board

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## Periodicals

*Social Security Bulletin.* Monthly. Subscription price, \$1.50 in United States, Canada, and Mexico; \$2.25 in all other countries. Single copies, 15 cents.

*Annual Report of the Federal Security Agency; Section V, Social Security Board, 1945.* 25 cents.

*Social Security Yearbook, 1944.* (Sixth annual supplement to *Social Security Bulletin*.) 50 cents.

*Old-Age and Survivors Insurance Trust Fund . . . Fifth Annual Report for the Fiscal Year Ended June 30, 1944.* (H. Doc. 266, 79th Cong., 1st sess.)

*Unemployment Compensation Interpretation Service—The Benefit Series.* Bureau of Employment Security. Monthly. Subscription price, \$3.50 a year; single copies, 30 cents.

*Employment Security Activities.* Bureau of Employment Security. Monthly. Processed.

*Comparative Statistics of General Assistance Operations of Public Agencies in Selected Large Cities.* Bureau of Public Assistance. Monthly. Processed.

## Reports

*Compilation of the Social Security Laws, Including the Social Security Act, As Amended, and Related Enactments Through May 1, 1945.* 15 cents.

*Some Basic Readings in Social Security.* January 1945. Informational Service.

*Why Social Security?* Informational Service.

*Social Security for the Bill Johnsons.* Training Division.

*Significant Provisions of State Unemployment Compensation Laws.* October 1945. Informational Service.

*Unemployment Compensation—What and Why?* Informational Service. 10 cents.

*Old-Age and Survivors Insurance; 1943-44 Cost Studies.* Office of the Actuary.

*Cost Study for Complete Coverage Program of Old-Age, Survivors and Disability Insurance.* Office of the Actuary. Processed.

*Common Human Needs; An Interpretation for Staff in Public Assistance Agencies.* Bureau of Public Assistance. 25 cents.

*Sheltered Care and Home Services for Public Assistance Recipients.* Bureau of Public Assistance. 25 cents.

*Disability Among Gainfully Occupied Persons; An Introduction to Disability Insurance Statistics.* Bureau of Research and Statistics.

*Survey of Accident and Health Insurance.* Bureau of Research and Statistics. Processed.

*Prepayment Medical Care Organizations.* Bureau of Research and Statistics. 25 cents.

*Cash Benefits Under the New Zealand Social Security Program.* Bureau of Research and Statistics. 15 cents.

Pamphlets explaining the social security programs and the rights of individuals under these programs are available in limited quantities from the Board's regional and field offices or from Informational Service, 1825 H Street, Washington 25, D. C.



